ANNUAL REPORT CHECKLIST
for
FISCAL YEAR ENDED:
7/31/2013

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CONTINUING CARE CONTRACTS BRANCH

PROVIDER(S): Casa de las Campanas

CCRC(S): ______________________

CONTACT PERSON: Dave Johnson, CFO

TELEPHONE NO.: (858) 592-1885 EMAIL: Johnson@casadlc.com

The **complete** annual report must consist of ***three (3) copies*** of the following:

- ☐ Checklist.#
- ☑ Annual Provider Fee in the amount of: $ 22,917
  - ☐ If applicable, Late Fee in the amount of: $__________
- ☑ Certification by the provider's *chief executive officer* that:
  - ☑ The reports are correct to the best of his/her knowledge and belief.
  - ☑ Each continuing care contract form in use for new residents has been approved by CDSS.
  - ☑ The provider is maintaining the required liquid reserves and refund reserves, if applicable.
- ☑ Evidence of the provider's fidelity bond.
- ☑ Provider's audited financial statements with a certified public accountant's opinion.
  NOTE: Statement of Cash Flows must be prepared using the direct method.
- ☑ Provider's audited reserve reports (on Department forms) with a certified public accountant's opinion.
  NOTE: If the entries on these forms do not directly reconcile with the amounts stated, on the face of, or in the notes to, the financial statements, a two-way reconciliation schedule must be included.
- ☑ "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- ☐ "Key Indicators Report"
  NOTE: The KIR may be included with this submission, but it is not required at this time. The KIR is due within the next 30 days. Please ensure that three (3) signed copies are submitted.

Casa de las Campanas

Retirement living for the best years of your life!

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CONTINUING CARE
CONTRACTS BRANCH

November 26, 2013

Certification by Chief Executive Officer

As Chief Executive Officer of Casa de las Campanas, I certify that the attached reports:

1) FY 2013 Audited Financial Statements with our CPA's opinion,

2) FY 2013 Audited Reserve Report Forms 5-1 to 5-5, with our accompanying CPA opinion, and related supplemental schedules thereto, including the disclosure report,

3) 2013 Continuing Care Provider's Fee and calculation fee,

4) Evidence of Fidelity Bond,

5) Continuing Care Retirement Community Disclosure Statement,

6) CCRC Monthly Fees,

are correct, that the continuing care contract form in use for new residents has been approved by the Department, and that the provider is maintaining the required liquid reserves, statutory reserves and refund reserves pursuant to requirements of the California Health and Safety Code.

Sincerely,

Steve Riddle
President of the Board of Directors
Casa de las Campanas, Inc.

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/09/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-312-704-0100
Arthur J. Gallagher Risk Management Services, Inc.

300 South Riverside Plaza
Suite 1900
Chicago, IL 60606
Marcia Hahn

CONTACT NAME: Martha_Triana@ajg.com
PHONE (A/C, No, Ext): Jennifer_Pytel@ajg.com
FAX (A/C, No): 312-803-7443
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Insurance Co. of	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

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INSURED
LCS Holdings Inc.

400 Locust Street, Suite 820

Des Moines, IA 50309

COVERAGES

CERTIFICATE NUMBER: 34696961 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$ \$ \$ \$ \$ \$ \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ \$ \$ \$ \$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION \$						EACH OCCURRENCE AGGREGATE	\$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 \$ \$ \$
A	Crime Coverage			04-505-28-78	06/30/13	06/30/14		5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Casa de las Campanas, Inc.
18655 W Bernardo Dr.,
San Diego, CA 92127

CERTIFICATE HOLDER

State of California,
Planning & Dev.
Office of Statewide Health
300 Capital Mall, Suite 1500

Sacramento, CA 95814
USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
John Q Dubin

mcharbonneau
34696961

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CASA DE LAS CAMPANAS

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

YEARS ENDED JULY 31, 2013 AND 2012

WITH INDEPENDENT AUDITORS' REPORT

CASA DE LAS CAMPANAS
TABLE OF CONTENTS
JULY 31, 2013 AND 2012

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Casa de las Campanas
Rancho Bernardo, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Casa de las Campanas (a nonprofit organization), ("Organization") which comprise the consolidated balance sheet as of July 31, 2013, and the related consolidated statement of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casa de las Campanas as of July 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Casa de las Campanas, as of July 31, 2012, were audited by other auditors whose report dated November 15, 2012, expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 34 through 36, is presented for additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

White Nelson Diehl Evans LLP

Irvine, California
November 21, 2013

CASA DE LAS CAMPANAS
CONSOLIDATED BALANCE SHEETS
JULY 31, 2013 AND 2012

ASSETS

	2013	2012
Current Assets:		
Cash and cash equivalents	$ 4,217,534	$ 7,732,724
Assets whose use is limited or restricted, required for current liabilities	14,519,101	8,859,794
Accounts receivable, net of allowance for doubtful accounts of $334,412 and $107,253, respectively	1,281,077	968,086
Prepaid expenses and other current assets	1,062,904	1,051,608
Contributions receivable	29,680	4,859
Other receivables	348,431	809,230
Total Current Assets	21,458,727	19,426,301
Assets whose use is limited or restricted, less amounts classified as current	7,268,145	7,289,119
Long-term investments	56,843,072	40,350,732
Property, buildings, and equipment, net	64,899,637	65,690,212
Deferred financing fees, net	2,373,024	2,533,802
Total Assets	$ 152,842,605	$ 135,290,166

LIABILITIES AND NET ASSETS

	2013	2012
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,225,148	$ 2,447,161
Interest payable	1,220,836	1,233,648
Deposits from residents	986,114	784,794
Current portion of obligations under capital leases	21,505	29,303
Current portion of obligations under gift annuity contracts	312,402	316,039
Current portion of estimated refundable entrance fees	1,959,455	1,384,921
Current portion of long-term debt	1,055,000	1,025,000
Total Current Liabilities	8,780,460	7,220,866
Obligations under capital leases, net of current portion	78,637	85,082
Obligations under gift annuity contracts, net of current portion	1,425,714	1,472,018
Estimated refundable entrance fees, net of current portion	11,095,411	6,984,021
Deferred revenue, pooled income funds	88,412	88,218
Long-term debt, net of current portion and unamortized discount	50,398,436	51,442,322
Deferred revenue from entrance fees	53,394,095	48,187,841
Total Liabilities	125,261,165	115,480,368
Net Assets:		
Unrestricted	24,188,750	16,590,078
Temporarily restricted	1,112,811	975,012
Permanently restricted	2,279,879	2,244,708
Total Net Assets	27,581,440	19,809,798
Total Liabilities and Net Assets	$ 152,842,605	$ 135,290,166

The accompanying notes are an integral part of these consolidated financial statements

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
Changes in Unrestricted Net Assets:		
Revenues, Gains, and Other Support:		
Residents fees earned, including amortization of deferred revenues from non-refundable entrance fees of $7,685,172 and $6,800,346, respectively	$ 33,520,315	$ 31,617,937
Contributions	187,659	306,498
Net assets released from restrictions, used for operations	85,713	59,558
Total Revenues, Gains, and Other Support	33,793,687	31,983,993
Operating Expenses:		
Resident services	713,250	683,026
Health center	5,088,051	5,364,460
Assisted living	2,388,091	2,332,696
Home health	971,996	810,796
Plant and maintenance	3,430,178	3,236,147
Housekeeping and laundry	1,542,955	1,501,362
Food and beverage	5,484,176	5,251,787
Donation expense	135,749	62,547
General and administrative	4,625,751	4,120,302
Depreciation and amortization	5,372,248	5,025,152
Interest expense	2,958,761	2,985,215
Total Operating Expenses	32,711,206	31,373,490
Income from Operations	1,082,481	610,503
Other Revenues (Expenses):		
Interest and dividends, net	1,214,989	1,085,039
Net realized gains (losses) on sale of investments	72,818	(312,316)
Change in value of gift annuity contracts	41,771	(133,084)
Other revenues (expenses)	23,147	(92,058)
Total Other Revenues (Expenses)	1,352,725	547,581
Excess of Revenues over Expenses	$ 2,435,206	$ 1,158,084

The accompanying notes are an integral part of these consolidated financial statements

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NETASSETS - CONTINUED
YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
Changes in Unrestricted Net Assets:		
Excess of revenue over expenses	$ 2,435,206	$ 1,158,084
Net unrealized gains (losses) on investments	5,046,522	(1,213,349)
Transfer to permanently restricted net assets	(16,171)	-
Net assets released from restrictions, used for capital expenditures	133,115	85,891
Increase in Unrestricted Net Assets	7,598,672	30,626
Changes in Temporarily Restricted Net Assets:		
Contributions	108,435	83,535
Interest and dividends, net	32,291	43,153
Net realized gains (losses) on sale of investments	12,238	(3,797)
Net unrealized gains (losses) on investment	133,029	(51,800)
Net assets released from restrictions, used for operations	(85,713)	(59,558)
Net assets released from restrictions, used for capital expenditures	(68,614)	(85,891)
Change in value of charitable remainder trusts and pooled income funds	6,133	16,260
Increase (decrease) in Temporarily Restricted Net Assets	137,799	(58,098)
Changes in Permanently Restricted Net Assets:		
Contributions	19,000	530,379
Transfer from unrestricted net assets	16,171	-
Increase in Permanently Restricted Net Assets	35,171	530,379
Increase in Net Assets	7,771,642	502,907
Net Assets at Beginning of Year	19,809,798	19,306,891
Net Assets at End of Year	$ 27,581,440	$ 19,809,798

The accompanying notes are an integral part of these consolidated financial statements

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities:		
Cash received from residents and third-party payors	$ 33,211,280	$ 23,868,603
Proceeds from entrance fees	19,336,435	16,920,217
Contributions	271,273	394,444
Investment income received, net	1,332,337	812,079
Cash paid to suppliers and employees	(32,222,529)	(22,723,849)
Cash paid for interest on long-term debt and capital lease obligations	(2,957,875)	(2,983,237)
Cash paid for interest on resident deposits	(5,940)	(15,681)
Net Cash and Cash Equivalents Provided By Operating Activities	18,964,981	16,272,576
Cash Flows from Investing Activities:		
Capital expenditures	(4,612,486)	(4,941,035)
Interest and dividend reinvestment	(1,247,280)	(1,128,192)
Net purchases of investments	(15,540,703)	(5,887,193)
Net Cash and Cash Equivalents Used In Investing Activities	(21,400,469)	(11,956,420)
Cash Flows from Financing Activities:		
Refunds of entrance fees	(202,204)	(215,850)
Additions of resident deposits	130,450	17,700
Principal payments on obligations under capital leases	(18,119)	(39,048)
Principal payments on long-term debt	(1,025,000)	(995,000)
Contributions restricted for endowment	35,171	530,379
Net Cash and Cash Equivalents Used In Financing Activities	(1,079,702)	(701,819)
Net Change in Cash and Cash Equivalents	(3,515,190)	3,614,337
Cash and Cash Equivalents, at Beginning of Year	7,732,724	4,118,387
Cash and Cash Equivalents, at End of Year	$ 4,217,534	$ 7,732,724

The accompanying notes are an integral part of these consolidated financial statements

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JULY 31, 2013 AND 2012

	2013	2012
Reconciliation of Increase in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Increase in net assets	$ 7,771,642	$ 502,907
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	5,331,263	4,983,295
Amortization of deferred financing fees	160,778	163,965
Amortization of bond discount	11,114	11,114
Non-cash contributions	-	(10,730)
Provision for bad debt	227,159	61,050
Amortization of entrance fees	(7,685,172)	(6,800,346)
Forfeited entrance fees	(1,556,881)	(1,181,514)
Accrual of resident refund	196,351	-
Proceeds from entrance fees	19,336,435	16,920,217
Loss on disposal of equipment	75,674	191,629
Net realized (gains) losses on sale of investments	(85,057)	316,113
Net unrealized (gains) losses on investments	(5,179,551)	1,265,149
Contributions restricted for endowment	(35,171)	(530,379)
Deferred revenue, pooled income fund	194	(20,739)
Change in value of charitable remainder trusts and pooled income funds	(6,133)	(16,260)
Change in the value of gift annuity contracts	(71,949)	133,084
Changes in operating assets and liabilities:		
Accounts receivable	(540,150)	180,991
Prepaid expenses and other current assets	(11,296)	40,964
Contributions receivable	(24,821)	15,141
Other receivables	460,799	228,344
Accounts payable and accrued expenses	777,987	(6,704)
Interest payable	(12,812)	(12,438)
Deposits from residents	(125,481)	(41,660)
Obligations under gift annuity contracts	(49,941)	(120,617)
Net Cash and Cash Equivalents Provided By Operating Activities	$ 18,964,981	$ 16,272,576
Supplemental Disclosure Of Non-Cash Investing and Financing Activities:		
Equipment purchased under capital leases	$ 3,876	$ 102,374
Non-cash contributions	$ -	$ 10,730

The accompanying notes are an integral part of these consolidated financial statements

CASA DE LAS CAMPANAS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2013 AND 2012

Note 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Casa De Las Campanas ("Casa") was incorporated on September 19, 1990 as a California non-profit corporation for the purposes of constructing, owning and operating a continuing care retirement community. The facilities include 378 independent living units, 34 assisted living units with a capacity of 45 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 99 bed skilled nursing facility. Casa provides housing, health care and other related services to the elderly honoring their dignity and promoting independence.

Casa operates under the continuing care concept whereby residents enter into agreements that require payment of a one-time entrance fee and a monthly service charge. Generally, these payments will entitle residents to the use and privileges of the facility for life. The residence agreement does not entitle the residents to an ownership interest in the property.

Casa Foundation (the "Foundation"), a California non-profit public benefit corporation, was established in 1994 to solicit contributions from the general public in support of Casa. The Foundation Board of Directors consists of five members, three of whom are also members of the Casa Board of Directors, and the remaining two are Casa residents in good standing. Funds of the Foundation are distributed to Casa for the benefit of its residents and operations as determined by the Foundation's Board of Directors. The Foundation's assets, liabilities, net assets, and results of operations are included in the accompanying consolidated financial statements.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of Casa de las Campanas and Casa Foundation (collectively, the "Organization"). Inter-company transactions and balances have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). References to "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative GAAP.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Organization's resources are classified for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Accordingly, the net assets of the Organization are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations, or the donor-imposed restrictions have expired. Unrestricted net assets represent the funds that are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in its programs or supporting activities.

- *Temporarily restricted net assets* - Net assets comprised of contributions that are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. When the donor-imposed restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets.

- *Permanently restricted net assets* - Net assets comprised of contributions subject to donor-imposed restrictions to be maintained in perpetuity. The related income is temporarily restricted either for specific purpose (donor-imposed) or time period (in accordance with GAAP).

The Organization follows the provisions of FASB ASC 958-205, *Presentation of Financial Statements*, which provides guidance on the net asset classification and reporting of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of UPMIFA. The UPMIFA was signed into law in California (CPMIFA) on September 30, 2008.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include all highly-liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. An allowance for doubtful accounts is established based upon management's estimate of uncollectible accounts. Collections on accounts previously written off are included in income as received.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include (a) investments held by trustees and the Organization under bond indenture agreements, (b) investments held in escrow accounts for Department of Social Services refund reserve and subscription and wait list deposit obligations, and (c) net assets restricted by donors. These assets include cash and cash equivalents and investments in debt and equity securities, which are stated at fair value in the accompanying consolidated financial statements.

Investments

In accordance with GAAP, investments are measured at fair value in the consolidated balance sheets. Investment income or loss (including interest, dividends, and realized gains or losses) is included in the excess of revenues over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses, unless the investments are classified as trading securities.

Property, Buildings, and Equipment

Property, buildings, and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

The estimated useful lives of the related assets are as follows:

Buildings and improvements	40 years
Property held under capital leases	3-5 years
Furniture and equipment	3-15 years
Vehicles	3-5 years

Long-Lived Assets

The Organization recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. There was no impairment of the value of such assets for the years ended July 31, 2013 and 2012.

Bond Discounts and Deferred Financing Fees

Bond discounts and deferred financing fees incurred in connection with the issuance of long-term debt are amortized using the effective interest method over the term of the associated bond issue. Unamortized bond discounts are included in long-term debt in the accompanying consolidated balance sheets.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Deposits from Residents

Deposits from residents represent entrance fees received prior to occupancy and are accounted for as liabilities of Casa, as they are refundable in accordance with the terms of the residence agreements.

Estimated Refundable Entrance Fees

Estimated refundable entrance fees are recorded based on Casa's estimate of future refunds to current residents under the terms of the contracts in force and are based on current and historical refund experience.

Entrance Fees

Fees paid by a resident upon entering a continuing care retirement contract, net of estimated future refunds, are recorded as deferred revenue from entrance fees and are amortized to income using the straight-line method over the remaining life expectancy of the resident.

Resident Service Fees

Resident service fees are recorded net of the provision for contractual allowances, which represents the difference between established rates and per diem reimbursement.

Income Taxes

Casa and the Foundation are exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding California provisions, except to the extent of unrelated business taxable income ("UBTI") as defined by the IRC. Casa and the Foundation maintain their tax-exempt status through devoting their resources to meet the primary needs of aged persons, housing, health care, and financial security.

The Organization evaluates uncertain tax positions through its review of the sources of income to identify UBTI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimatable. As of July 31, 2013 and 2012, the Organization had no uncertain tax positions requiring accrual.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization files federal and California exempt organization returns. They are no longer subject to income tax examinations by taxing authorities for years before 2009 and 2008 for their federal and state tax filings, respectively.

Charity Care

Pursuant to its mission statement as described in Note 1, the Organization provides free services to those residents who are unable to pay all or a portion of their charges and who meet certain eligibility criteria.

Records are maintained to identify and monitor the level of charity care provided. For the years ended July 31, 2013 and 2012, unreimbursed costs foregone for charity care amounted to $636,856 and $432,600, respectively. For the years ended July 31, 2013 and 2012, charitable gifts received to offset costs amounted to $19,177 and $29,634, respectively. The Organization used an average cost per resident day amount to determine unreimbursed costs based on widely accepted cost reporting methodologies.

Public Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions of assets other than cash are recorded at their estimated fair value.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Public contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports them as unrestricted support.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

In-Kind Service Contributions

In accordance with GAAP, in-kind services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, the Organization receives a significant amount of donated services from unpaid volunteers that are essential to the completion of the Organization's purposes. However, these services have not been recorded in the consolidated financial statements since they do not meet the accounting criteria necessary for recognition.

Split-Interest Agreements

The following instruments are recorded as income or net assets at the present value of the Organization's beneficiary interest:

Charitable Remainder Trusts - The Foundation is the beneficiary of three charitable remainder trust agreements (the Trusts). The Trusts are irrevocable, and the beneficiary designation may not be changed. Upon the death of the beneficiaries, or other termination of the trusts as defined, the remaining trust assets become the property of the Foundation as stipulated in the trust agreements.

The beneficial interest in the Trusts is recorded at the expected fair value to be received by the Foundation. The Foundation calculated the expected fair value using the fair value of the Trusts at year-end, discounted at a rate of 1.40% over the life expectancy of the Trusts beneficiaries. The change in fair value of the Trusts is reflected in the consolidated statements of operations and changes in net assets. All beneficial interests in charitable remainder trusts are included in the accompanying consolidated balance sheets under assets whose use is limited or restricted and are classified as long-term.

Charitable Gift Annuities - Donors have contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists as the assets are held by, and the annual liability is an obligation of, the Organization. The contributed assets are recorded at fair market value on the date of receipt, and the liability obligation is recorded at the expected value of the annuity liability. The expected value of the annuity liability is the present value of the future annuity payments, discounted at the prescribed Federal mid-term rate at the date of the gift over the life expectancy of the donor or the designated beneficiary, as defined in the Insurance Code of the State of California. These rates are based on the highest federal mid-term rate available over a three month period including the month of the gift. The change in fair value of the annuity liability is reflected in the consolidated statements of operations and changes in net assets. The Organization is required to maintain a state mandated reserve to cover its gift annuity liability. For the years ended July 31, 2013 and 2012, the amount of the reserve was $1,738,116 and $1,788,057, respectively, and is included in the accompanying consolidated balance sheets under assets whose use is limited or restricted.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Split-Interest Agreements (Continued)

Pooled Income Fund - The Foundation has formed one pooled income fund (the "Fund"). Donors have made irrevocable contributions of assets to the Fund in exchange for a promise by the Foundation to pay the actual income, as defined, earned on the donor's contribution for the remainder of the donor's or the donor's designated income beneficiary's lifetime.

Upon the death of the donor or the designated income beneficiary, the value of his/her proportionate interest at the time reverts to the Foundation to be used for such purposes as the donor may have designated, or, if there was no designation, as the Foundation's Board of Directors may determine. The assets of the pooled income fund are held and managed by an outside trustee who is responsible for investing the assets and making the quarterly income distributions to the beneficiaries. The contributed assets are recorded at fair market value on the date of receipt, and temporarily restricted contribution revenue is recorded at the present value of the fair value of assets received, discounted at a rate of 3.94% over the life expectancy of the donors or beneficiaries. The change in fair value of the contributed assets is reflected in the consolidated statements of operations and changes in net assets. The assets under the pooled income fund are included in the accompanying consolidated balance sheets under assets whose use is limited or restricted.

Excess of Revenues over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses include net unrealized gains or losses on other-than-trading investments and net assets released from restrictions used for capital expenditures.

Use of Estimates

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

Financial instruments included in the Organization's consolidated balance sheets include cash and cash equivalents, investments, accounts and contributions receivable, payables arising in the ordinary course of business, split-interest agreements and long-term debt. For cash and cash equivalents, accounts and contributions receivable, and payables arising in the ordinary course of business, the carrying amounts represent a reasonable estimate of the fair values due to their short-term maturity. Split-interest agreements consist of numerous arrangements in which a donor establishes and funds a trust administered by a third party other than the Organization. These trusts are recorded at the fair value of the net assets contributed to the trust for which the Organization has a beneficial interest. The fair value of long-term debt is determined using current applicable rates for similar instruments and approximates the carrying value of such debt.

Investments are reflected at estimated fair value in accordance with FASB ASC 820, *Fair Value Measurement and Disclosure*. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Investments with readily determinable fair values are reported at fair value as determined by quoted market prices (Level 1). Investments that represent pooled investment funds that are not publicly traded are reported at fair value based on quoted market prices of the underlying securities (Level 2).

Investments also include investments in limited partnerships and other alternative investments, which are made in accordance with the Organization's investment policy and are monitored through quarterly performance reviews. The alternative investments deal in and with securities of all kinds and descriptions. Publicly traded securities within the alternative investments are generally valued by reference to closing market prices on one or more national securities exchanges or generally accepted pricing services selected by the custodial trustees of the respective alternative investments. Securities not valued by such pricing services are valued based upon bid quotations obtained from independent dealers in securities. In the absence of any independent quotations, securities will be valued by respective custodial trustees based on the data obtained from the best available sources (Level 3). Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the measurement date. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one level to another. In such instances, the transfer is reported at the end of the reporting period. There have been no changes in the valuation methodologies used at July 31, 2013 and 2012 to value the Organization's assets at fair value.

Recently Adopted Accounting Guidance

In the normal course of business, the Organization evaluates all new accounting pronouncements to determine the potential impact they may have on its financial statements. Based upon this evaluation, the Organization does not expect any of the recently issued accounting pronouncements, which have not already been adopted by the Organization, to have a material impact on its consolidated financial statements.

Note 2: Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. The Organization places its cash and cash equivalents and investments with several high-credit quality financial institutions. For the year ended July 31, 2012, accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, for interest bearing accounts and unlimited insurance for non-interest bearing accounts. Effective January 1, 2013, funds in non-interest bearing accounts will no longer receive unlimited insurance, and will be FDIC insured up to $250,000 at each institution.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term, and that such changes could materially affect the amounts reported in the consolidated financial statements. The Organization mitigates these risks with an investment policy designed to limit the exposure and concentration, while achieving optimal return within reasonable risk tolerances.

With respect to the receivables, the Organization's customer base consists of a large number of customers. The Organization performs credit evaluations and writes off uncollectible amounts as they become known.

CASA DE LAS CAMPANAS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2013 AND 2012

Note 3: Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted were available for the following purposes for the years ended July 31:

	2013	2012
Held by Trustee under bond indenture	$ 6,176,922	$ 6,160,101
Refund reserve	11,533,228	6,233,731
Restricted by donors	1,941,424	1,561,097
Charitable gift annuities	1,738,116	1,788,058
Charitable remainder trusts	83,441	70,580
Pooled income fund	314,115	335,346
	21,787,246	16,148,913
Less: amounts required for current liabilities	(8,226,163)	(8,859,794)
	$ 13,561,083	$ 7,289,119

In order to meet the refund reserve requirement for the years ended July 31, 2013 and 2012, the California Department of Social Services (CDSS) approved for the reserve requirement to be secured by the escrow agreement and the deed of trust on the Organization's facilities, including real property.

Note 4: Investments and Fair Value Disclosure

The Organization's investments are managed as a diversified portfolio governed by various third party brokers and financial institutions in accordance with the Organization's investment policy. The composition of investments at fair value at July 31 was as follows:

	2013	2012
Money market funds	$ 6,541,983	$ 6,536,695
Domestic - bond mutual funds	9,488,002	7,162,243
International - bond mutual funds	6,171,523	5,277,686
Domestic - equity (including mutual funds)	25,612,905	15,854,606
International - equity (including mutual funds)	15,012,649	9,362,799
REIT	2,730,655	1,689,007
Limited partnerships	1,143,839	1,190,465
Absolute return	4,736,942	5,086,471
Commodities	3,477,371	2,557,552
Futures	1,558,069	1,711,541
Options	2,072,939	-
Receivables due under charitable remainder trusts	83,441	70,580
	78,630,318	56,499,645
Less: amounts classified as assets whose use is limited or restricted - current and non-current	(21,787,246)	(16,148,913)
Long-term investments	$ 56,843,072	$ 40,350,732

Note 4: Investments and Fair Value Disclosure (Continued)

Investment income and (losses) on cash equivalents, investments, and assets whose use is limited or restricted amounted to $6,559,791 and ($569,894) for the years ended July 31, 2013 and 2012, respectively, and are summarized as follows:

	2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 1,372,011	$ 32,291	$ 1,404,302
Realized gains on sale of investments	72,818	12,238	85,056
Net unrealized gains on investments	5,046,522	133,029	5,179,551
Change in value of gift annuity contracts	41,771	6,133	47,904
	6,533,122	183,691	6,716,813
Less: investment expenses	(157,022)	-	(157,022)
Total	$ 6,376,100	$ 183,691	$ 6,559,791

	2012		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 1,185,442	$ 43,153	$ 1,228,595
Realized (losses) on sale of investments	(312,316)	(3,797)	(316,113)
Net unrealized (losses) on investments	(1,213,349)	(51,800)	(1,265,149)
Change in value of gift annuity contracts	(133,084)	16,260	(116,824)
	(473,307)	3,816	(469,491)
Less: investment expenses	(100,403)	-	(100,403)
Total	$ (573,710)	$ 3,816	$ (569,894)

Note 4: Investments and Fair Value Disclosure (Continued)

The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2013 and 2012:

	2013			
Assets:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 6,541,983	$ -	$ -	$ 6,541,983
Mutual funds	59,082,613	16,562	-	59,099,175
Limited partnerships	-	-	1,143,839	1,143,839
Absolute Return	2,632,257	-	2,104,685	4,736,942
Commodities	2,760,375	716,996	-	3,477,371
Futures	1,558,069	-	-	1,558,069
Options	2,072,939	-	-	2,072,939
Total	$ 74,648,236	$ 733,558	$ 3,248,524	$ 78,630,318

	2012			
Assets:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 6,536,695	$ -	$ -	$ 6,536,695
Mutual funds	38,610,800	806,121	-	39,416,921
Limited partnerships	-	-	1,190,465	1,190,465
Absolute return	2,331,500	93,804	2,661,167	5,086,471
Commodities	1,644,909	912,643	-	2,557,552
Futures	1,711,541	-	-	1,711,541
Total	$ 50,835,445	$ 1,812,568	$ 3,851,632	$ 56,499,645

Investments in limited partnerships are valued based on the pro-rata interest in the net assets of the underlying investment as reported by the investment funds' investment managers or general partners. An advisor independently evaluates the valuation provided by the fund managers and this evaluation takes into consideration numerous factors which may include, but are not limited to, the attributes of the interest held, risks inherent in the inputs to the manager's valuation, restrictions on the disposition of the interest, and data reasonably available to market participants.

Note 4: Investments and Fair Value Disclosure (Continued)

Absolute return funds invest primarily in investment funds, limited partnerships, limited liability companies, or non-U.S. corporations. Valuation of interests in these funds is based on an amount equal to the pro-rata interest in net assets, which are at fair value consistent with the measurement principles in FASB ASC 946, *"Financial Services – Investment Companies"*, of such investment funds as reported by the management of the investment funds monthly, adjusted for management and incentive fees, if any.

For investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended July 31, 2013 and 2012, the reconciliation of beginning and ending balances is as follows:

	2013			
	Limited Partnerships	Absolute Return	Alternative Investments	Total
Fair value, beginning of year	$ 1,190,465	$ 2,661,167	$ -	$ 3,851,632
Realized gains, net	85,274	184,258	-	269,532
Unrealized gains (losses)	(4,846)	8,342	-	3,496
Purchases/issuances	18,749	-	-	18,749
Sales/settlements	(145,803)	(749,082)	-	(894,885)
Fair value, end of year	$ 1,143,839	$ 2,104,685	$ -	$ 3,248,524

	2012			
	Limited Partnerships	Absolute Return	Alternative Investments	Total
Fair value, beginning of year	$ 1,121,158	$ 2,684,085	$ 2,993,720	$ 6,798,963
Interest income	-	12,413	80,534	92,947
Realized gains (losses), net	47,114	(6,403)	14,633	55,344
Unrealized gains (losses)	61,393	(31,056)	(605,113)	(574,776)
Purchases/issuances	40,000	14,542	-	54,542
Sales/settlements	(79,200)	(12,414)	(2,483,774)	(2,575,388)
Fair value, end of year	$ 1,190,465	$ 2,661,167	$ -	$ 3,851,632

The amount of total gains or losses for the years ending July 31, 2013 and 2012 included in the change in net assets due to the change in unrealized gains or (losses) that relate to assets and liabilities held at the end of the reporting period were $3,496 and ($574,776), respectively, and are included in net unrealized gains (losses) on investments on the statements of operations and changes in net assets.

Note 5: Property, Buildings and Equipment:

Property, buildings, and equipment were as follows at July 31:

	2013	2012
Land and improvements	$ 15,029,219	$ 14,896,258
Buildings and improvements	90,678,902	88,334,442
Property under capital leases	123,858	122,835
Furniture and equipment	17,084,327	16,431,862
Vehicles	701,503	731,616
Art collection	340,153	344,408
	123,957,962	120,861,421
Less: accumulated depreciation and amortization	(60,253,573)	(55,380,314)
	63,704,389	65,481,107
Construction in progress	1,195,248	209,105
Property, buildings, and equipment, net	$ 64,899,637	$ 65,690,212

Depreciation and amortization expense for the years ended July 31, 2013 and 2012 amounted to $5,331,263 and $4,983,295, respectively.

Casa has several projects under construction and pre-development. Total predevelopment and construction costs as of July 31, 2013 and 2012 amounted to $1,195,248 and $209,105, respectively. Casa's estimated costs to complete construction of these projects will be approximately $218,000.

Note 6: Endowment

The Organization's endowment consists of various individual funds established for a variety of purposes. Net assets associated with endowment funds, including funds designated by the Board of Directors (the Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the CPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the CPMIFA.

Note 6: Endowment (Continued)

Interpretation of Relevant Law (Continued)

In accordance with the CPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization, and
- The investment policies of the Organization.

Composition and Changes in Endowment Net Assets

Endowment net assets composition by type of fund was as follows at July 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (311,872)	$ 202,503	$ 2,279,879	$ 2,170,510
Board-designated endowment fund	2,503,214	-	-	2,503,214
	$ 2,191,342	$ 202,503	$ 2,279,879	$ 4,673,724

Changes in endowment net assets for the year ended July 31, 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,898,404	$ 52,089	$ 2,244,708	$ 4,195,201
Investment return:				
Investment income, net	51,450	30,758	-	82,208
Net appreciation, (realized/unrealized)	200,309	143,693	-	344,002
Total investment return	251,759	174,451	-	426,210
Contributions	117,220	-	19,000	136,220
Transfers	-	-	16,171	16,171
Appropriation of endowment assets for expenditure	(76,041)	(24,037)	-	(100,078)
Endowment net assets, end of year	$ 2,191,342	$ 202,503	$ 2,279,879	$ 4,673,724

Note 6: Endowment (Continued)

Composition and Changes in Endowment Net Assets (Continued)

Endowment net assets composition by type of fund was as follows at July 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (300,879)	$ 52,089	$ 2,244,708	$ 1,995,918
Board-designated endowment fund	2,199,283	-	-	2,199,283
	$ 1,898,404	$ 52,089	$ 2,244,708	$ 4,195,201

Changes in endowment net assets for the year ended July 31, 2012 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,869,622	$ 82,614	$ 1,714,329	$ 3,666,565
Investment return:				
Investment income, net	53,211	41,125	-	94,336
Net depreciation, (realized/unrealized)	(139,970)	(55,345)	-	(195,315)
Total investment return	(86,759)	(14,220)	-	(100,979)
Contributions	172,851	-	530,379	703,230
Appropriation of endowment assets for expenditure	(57,310)	(16,305)	-	(73,615)
Endowment net assets, end of year	$ 1,898,404	$ 52,089	$ 2,244,708	$ 4,195,201

Endowment Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $311,872 and $300,879 at July 31, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board.

Note 6: Endowment (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowment funds that the Organization must hold in perpetuity as well as quasi endowment funds established by the Board of Directors. Under this policy, as approved by the Board, the endowment funds are invested in a manner that is expected to:

- Produce a nominal average annual rate of return of 6.20% assuming 2.30% inflation, or an annual compound total rate of return of approximately 3.90% in excess of the rate of inflation, as measured by the National Urban Consumer Price Index (CPI), in the long-term portfolio;
- Perform above average in the comparable fund universe with volatility that is equal to or less than that of such similarly managed funds.

Actual returns in any given year may vary from the expected amounts as past experience is not an indicator of future performance.

Strategies Employed for Achieving Objectives

To satisfy its long-term return objectives, the Organization relies on a total-return strategy in which investment returns and real growth are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). As asset allocation is the major determinant of investment performance, the endowment assets are allocated across a number of investment classes to provide diversification and achieve long-term return objectives. As a general policy guideline, the target asset allocations are for Quasi Endowment Funds are 75% to growth investments, including both equities and alternative investments, and 25% to fixed income investments. The long-term portfolio will be invested in mutual and/or exchange traded funds (ETF), Hedge Funds - Fund of Funds (FoF), limited partnerships, structured notes, and/or individually managed accounts that focus on specific style segments within each asset class. The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage the risk of the endowment assets consistent with market conditions. Due to the fluctuation of market values, allocations within a specified range constitute compliance with the policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Currently, Casa de las Campanas' intent is to reinvest all dividends, interest and capital gains in the long-term portfolio. At a future date, the Board may elect to establish a spending policy and will do so subject to a spending analysis that will consider the impact of various spending policies on the real value of the portfolio relative to the current allocation.

Note 6: Endowment (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

Casa Foundation has s spending policy that applies to all endowment funds (unrestricted and permanently restricted) that provides for distribution of a percentage of assets that is sufficient to allow for growth in principal net of expected inflation and investment management fees. The formula for determining the distributions percentage evaluates long-term expected rate of returns, inflation and fees.

In establishing this policy, the Organization considered the long-term expected return on its endowment funds. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment funds to grow, at a rate equal to or above the CPI. This is consistent with the Organization's objective to maintain the purchasing power of the endowment funds held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at July 31:

	2013	2012
Endowment Funds - Purpose Restriction:		
Assets restricted for scholarships	$ 76,677	$ 13,697
Assets restricted for health care	20,793	9,959
Assets restricted for activities	9,269	5,701
Assets restricted for music activities	32,060	17,117
Assets restricted for care	63,704	5,615
Total endowment funds	202,503	52,089
Non-Endowment Funds - Purpose Restriction:		
Assets restricted for activities	11,847	95
Assets restricted for art	8,013	9,566
Assets restricted for chaplains	1,366	1,366
Assets restricted for charitable remainder trusts	83,441	70,580
Assets restricted for art collections	340,155	344,408
Assets restricted for education assistance	7,478	5,102
Assets restricted for employee disaster and assistance	5,035	4,354
Assets restricted for employee scholarships	50,193	38,380
Assets restricted for landscape	1,497	2,499
Assets restricted for maintenance	9,347	-
Assets restricted for music activities	13,745	15,478
Assets restricted for pooled income	225,703	247,127
Assets restricted for pastoral honoraria fund	-	1,800
Assets restricted for the residential fund	62	62

Note 7: Temporarily Restricted Net Assets (Continued)

Non-Endowment Funds - Purpose Restriction (Continued):

Assets restricted for the Sur library	15,438	17,657
Assets restricted for the Rose and Garden Club	21,485	26,310
Assets restricted for the Rosenmeier Health Fund	95,345	125,688
Assets restricted for the transportation fund	20,158	12,451
Total non-endowment funds	910,308	922,923
	$ 1,112,811	$ 975,012

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the donor-restricted purposes or time requirements during the years ended July 31, 2013 and 2012 as follows:

	2013	2012
Resident hardships	$ 271	$ 20,001
Employee scholarships	29,227	25,684
General purpose	56,215	13,873
Capital expenditures	68,614	85,891
	$ 154,327	$ 145,449

Note 8: Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at July 31:

	2013	2012
Hunt Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	$ 20,041	$ 20,041
Burk Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	9,500	9,500
Yu Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	19,505	19,505
Palmer Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	17,000	17,000
Carpenter Activities (Income is temporarily restricted for activities)	26,209	26,209
Transportation Activities (Income is temporarily restricted for transportation activities)	26,171	10,000
Gilkeson Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	18,553	18,553
Hegewald Health Endowment Fund (Income is temporarily restricted for health care)	93,000	93,000
T & G Music Endowment Fund (Income is temporarily restricted for music)	187,209	187,209
Nauman Scholarship Endowment Fund (Income is temporarily restricted for scholarships)	39,650	39,650

Note 8: Permanently Restricted Net Assets (Continued)

Newman Care Endowment Fund (Income is temporarily restricted for resident hardship)	536,998	536,998
Wynhoff Endowment Fund (Income is temporarily restricted for health care)	808,662	808,662
Harriet Maclean General Endowment Fund (Income is temporarily restricted)	184,966	165,966
B&M King General Endowment Fund (Income is temporarily restricted)	292,415	292,415
	$ 2,279,879	$ 2,244,708

Note 9: Residence Agreements

For the right to occupy a living unit for life and to receive certain services, residents are required to pay an entrance fee. Upon execution of a deposit agreement, $20,000 of the entrance fee is payable with the remaining balance due on or before occupancy by the residents.

Residents may cancel their Residence Agreement at any time up to 90 days after establishing residency at Casa and will be refunded the full amount of the entrance fee paid, less an application fee of $1,000.

After the 90-day period has expired, residents are entitled to receive various amounts of refunds based upon one of four agreements covering Casa, as follows:

- Standard resident agreement (397 agreements) - If cancellation occurs in the first seven and one-half years of residency, the resident shall be refunded the entrance fee, less 10% of the amount paid and 1% for each month or partial month that they were a resident. After seven and one-half years of residency, no refund is made. If the resident expires after the 90-day cancellation period, no refund is made and the unamortized entrance fee is recognized into income.
- Refundable 50 Plan (1 agreement) - Resident (or their estate) is entitled to a refund of 50% of the entrance fee paid. This plan is no longer offered.
- Refundable 75 Plan (30 agreements) - Residents (or their estates) are entitled to a refund of 75% of the entrance fee paid.
- Refundable 80 Plan (2 agreements) Residents - (or their estates) are entitled to a refund of 80% of the entrance fee paid. This plan is no longer offered.

Included in deferred revenue from entrance fees as of July 31, 2013 and 2012 are approximately $44,524,000 and $36,978,000, respectively, of amounts contractually refundable under these agreements.

In addition to the entrance fees, all residents are charged monthly fees. In addition to receiving various services such as food, utilities, cleaning, scheduled transportation services, and other services offered by Casa, residents are entitled to various levels of care, including assisted living and nursing care.

Note 10: Deferred Entrance Fees

Monthly fees are established at the inception of occupancy and may be increased by Casa according to economic necessity, which is related to the percentage change in the prior year per capita cost of operating expenses of Casa for furnishing services to the residents.

During the year ended July 31, 2011, Casa began offering residents an option to rent a unit on a month to month basis. For the right to occupy a living unit under a Rental Agreement, residents are required to pay security deposit, community fee and monthly rental fees. The rental contract fee excludes the various levels of care granted to the entrance fee related contracts. As of July 31, 2013 and 2012, there were one and two units occupied under a Rental Agreement, respectively.

Deferred entrance fees are amortized to income using the straight-line method over future periods based on the estimated life of the resident in accordance with FASB ASC 954-430, *Health Care Entities - Deferred Revenue*. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit, as published in Section 1792.2 of the State of California Continuing Care Contract Statues. The unamortized portion is included in deferred revenues from entrance fees in the accompanying consolidated balance sheets.

Entrance fees and the unamortized portion of entrance fees are summarizes as follows:

	Total Entrance Fees	Unamortized Entrance Fees
Balance at July 31, 2011	$ 95,618,511	$ 47,834,276
Sale of contracts	16,920,217	16,920,217
Deceased residents	(6,329,595)	(1,374,035)
Resident withdrawals	(219,500)	(23,329)
Amortization of continuing care contracts	-	(6,800,346)
Balance at July 31, 2012	105,989,633	56,556,783
Sale of contracts	19,336,435	19,336,435
Deceased residents	(6,527,057)	(1,505,739)
Resident withdrawals	(438,556)	(253,346)
Amortization of continuing care contracts	-	(7,685,172)
Balance at July 31, 2013	$ 118,360,455	$ 66,448,961

The amount shown in the accompany consolidated balance sheets for unamortized entrance fees has been reduced by the amount set up as a liability for refunds of $13,054,866 and $8,368,942 at July 31, 2013 and 2012, respectively.

Note 11: Long-Term Debt

In January 2010, Casa issued $54,310,000 Insured Revenue Bonds (Casa de las Campanas, Inc.), Series 2010 (the Bonds). The Bonds are set to mature at various dates through September 1, 2037, but can be redeemed prior to maturity. Interest on the Bonds is payable semiannually on March 1 and September 1 and is equal to all interest accrued during the period from the last such Interest Payment Date to such current Interest Payment Date.

Casa used the proceeds of the Bonds, together with other available funds, to (i) refund the outstanding Series 2007 Bonds; (ii) fund a termination fee for a certain swap agreement in connection with the Series 2007 Bonds; (iii) finance the costs of the acquisition, construction and equipping, of certain facilities of Casa (the Project); (iv) fund a bond reserve account in an amount equal to the Bond Reserve Account Requirement for the Bonds; and (v) pay certain costs of issuance of the Bonds, including the insurance premium.

The Series 2010 Bonds are secured by (i) a security interest all of the gross revenues of Casa, and (ii) a lien on all real property and fixtures of Casa. A contract of insurance was entered into with the Office of Statewide Health Planning and Development of the State of California (the Office), pursuant to which the Office will insure the payment of the principal of and interest on the Bonds.

In connection with the Bonds' issuance, Casa is subject to certain financial or operational covenants, such as limitations on the ability of Casa to incur indebtedness, to dispose property, or to create liens on property. Casa is also required to maintain revenues at levels sufficient to provide coverage of debt service on the Bonds or any other indebtedness. As of July 31, 2013 and 2012, Casa was in compliance with these covenants.

A debt reserve fund is required to be maintained in the amount equal to the maximum annual bond service on all bonds outstanding as of the date issuance of the Bonds. The fund balance as of July 31, 2013 and 2012 amounted to $3,987,156 and $3,986,500, respectively, which is included in assets whose use is limited or restricted.

Cost of the Bonds' issuance amounted to $2,947,996, which is reported as deferred financing fees in the accompanying consolidated financial statements is amortized over the life of the Bonds using the effective interest method.

Casa capitalized interest in connection with the construction of certain property, buildings and equipment. There was no capitalized interest for the years ended July 31, 2013 and 2012.

Note 11: Long-Term Debt (Continued)

Long-term debt was comprised of the following at July 31:

	2013	2012
Series 2010 Insured Revenue Bonds, bearing interest at fixed rates ranging from 3% to 6%, paid semiannually on March 1 and September 1 of each year, and maturing through September 1, 2037.	$ 51,710,000	$ 52,735,000
Less: Current portion	(1,055,000)	(1,025,000)
Less: Unamortized discount	(256,564)	(267,678)
	$ 50,398,436	$ 51,442,322

Schedule of principal repayments on long-term debt are as follows for fiscal years ending July 31:

2014	$ 1,055,000
2015	1,095,000
2016	1,140,000
2017	1,185,000
2018	1,245,000
2019 to 2037	45,990,000
	$ 51,710,000

Note 12: Commitments

Obligation to Provide Future Services

Casa annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the present value of monthly services fees and the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the monthly services fees and deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.00% and 2.61% in 2013 and 2012, respectively. At July 31, 2013 and 2012, the present value of the net cost of future services and the use of facilities did not exceed the anticipated revenues. Consequently, a liability has not been recorded.

Note 12: Commitments (Continued)

Obligations Under Capital Leases

Casa leases certain equipment under capital lease agreements. The cost of assets under capital lease agreements amounted to $123,858 and $122,835, with accumulated depreciation of $42,205 and $23,715, as of July 31, 2013 and 2012, respectively, which is included in property, buildings, and equipment in the accompanying consolidated balance sheets and amortized over the lease terms of 3 to 5 years. Amortization expense of capital leases in 2013 and 2012, amounted to $21,185 and $22,663 respectively, and is included in depreciation and amortization expense (see Note 5).

Future minimum lease payments as of July 31, 2013 are as follows:

Year Ending July 31:		
2014	$	32,745
2015		32,745
2016		32,745
2017		28,891
Total minimum lease payments		127,126
Less: amount representing interest at 0% to 9.96%		(26,984)
Present value of net minimum capital lease payments		100,142
Less: current portion		(21,505)
	$	78,637

Management Agreement

Casa entered into a management agreement with Life Care Services LLC, which expires on July 31, 2014. Management fee expense related to this agreement, included in general and administrative expenses, was approximately $1,019,000 and $985,100, inclusive of salary and benefits, for the years ended July 31, 2013 and 2012, respectively. Amounts due and payable to Life Care Services, LLC, amounted to approximately $79,600 and $102,100 at July 31, 2013 and 2012, respectively. Management fee expense may vary year to year as certain amounts are based upon an incentive performance computation.

During the year, Casa entered into a master plan development agreement with LCS Development LLC for $100,000 plus reimbursables. The agreement relates to formalizing and facilitating the design process and is a precursor to the subsequent development agreement signed in October 2013. The $100,000 in fees will be credited back to Casa at a later date with subsequent completion of projects.

Note 12: Commitments (Continued)

Purchase Commitment

Casa is obligated to buy a minimum amount of electricity under a Master Energy Sales Agreement (the Agreement) that expires April 30, 2014. Casa may also sell excess energy back in the open market. As of July 31, 2013, the remaining commitment under the Agreement amounted to $330,000. Expenditures under the Agreement amounted to $438,650 and $476,998 for the years ended July 31, 2013 and 2012, respectively.

Litigation

Casa may, from time-to-time, be involved in litigation and regulatory investigations that arise in the normal course of doing business. After consultation with legal counsel and based on current facts and circumstances, management believes that resolution of such matters, if any, is not expected to have a material adverse effect on the financial position of Casa.

Note 13: Benefit Plan

Casa sponsors a 403(b) defined contribution plan (the Plan) covering all eligible employees. Eligible employees may defer their compensation as employee contribution, subject to current IRC limits. Casa currently makes matching contributions to the Plan in the amount equal to 50% of the employee contribution, not to exceed 3% of the eligible compensation. Casa contributions to the Plan for 2013 and 2012 amounted to $106,849 and $94,224, respectively.

Note 14: Insurance Coverage

Professional Liability

Casa is insured for professional and general liability claims, including malpractice, under claims made policy for $1,000,000 per occurrence and $3,000,000 aggregate and $27,500,000 program aggregate. Losses in excess of the limits are covered by an umbrella liability policy up to $10,000,000 per occurrence and $50,000,000 aggregate. Deductibles under the policy range from $0 to $25,000.

Self-Insurance

Casa was self-insured for workers compensation claims up to a maximum of $250,000 per occurrence until July 31, 2009. Self-insured losses were accrued based upon Casa's consultant's estimates of the aggregate liability for uninsured claims incurred. As a requirement of this policy, Casa deposited funds into a worker's compensation escrow account to fund any potential unpaid claims which is classified as a worker's compensation receivable. The balance of worker's compensation receivable amounted to approximately $250,000 and $552,700 at July 31, 2013 and 2012, respectively, and is included in other receivables in the accompanying consolidated balance sheets.

Note 15: Health Care Reform

In March 2010, President Obama signed the Health Care Reform Legislation into law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate savings in the Medicare and state programs. The Organization is unable to predict the full impact of Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations or interpretive guidance. However, the Organization expects that provisions of Health Care Reform Legislation will have some effect on its business.

Note 16: Subsequent Events

On October 11th, 2013, Casa entered into a development agreement with LCS Development LLC. The agreement covers services relating to the renovation and expansion of existing buildings and common spaces on the Casa campus, including the following: planning and development, assisting with financing, managing the state and local approvals, arrangement of design and construction services, and handling certain bookkeeping functions. A development fee equal to 4.75% of the capital costs relating to the project will be paid as certain milestones detailed in the agreement are met throughout the development and construction phases of the renovation and expansion project.

Events occurring after July 31, 2013, have been evaluated for possible adjustment to the consolidated financial statements or disclosure as of November 21, 2013, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CASA DE LAS CAMPANAS
CONSOLIDATING BALANCE SHEETS
JULY 31, 2013

ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents	$ 4,206,885	$ 10,649	$ -	$ 4,217,534
Assets whose use is limited or restricted required for current liabilities	14,319,935	199,166	-	14,519,101
Accounts receivable, net	1,281,077	-	-	1,281,077
Prepaid expenses and other current assets	1,062,904	-	-	1,062,904
Contributions receivable	-	29,680	-	29,680
Other receivables	348,431	-	-	348,431
Total Current Assets	21,219,232	239,495	-	21,458,727
Intercompany receivables	(968,723)	968,723	-	-
Assets whose use is limited or restricted, less amounts classified as current	5,128,331	2,139,814	-	7,268,145
Long-term investments	54,123,242	2,719,830	-	56,843,072
Property, buildings, and equipment, net	64,548,754	350,883	-	64,899,637
Interest in Casa Foundation	6,326,116	-	(6,326,116)	-
Deferred financing fees, net	2,373,024	-	-	2,373,024
Total Assets	$ 152,749,976	$ 6,418,745	$ (6,326,116)	$ 152,842,605

LIABILITIES AND NET ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Liabilities:				
Accounts payable and accrued expenses	$ 3,220,931	$ 4,217	$ -	$ 3,225,148
Interest payable	1,220,836	-	-	1,220,836
Deposits from residents	986,114	-	-	986,114
Current portion of obligations under capital leases	21,505	-	-	21,505
Current portion of obligations under gift annuity contracts	312,402	-	-	312,402
Current portion of estimated refundable entrance fees	1,959,455	-	-	1,959,455
Current portion of long-term debt	1,055,000	-	-	1,055,000
Total Current Liabilities	8,776,243	4,217	-	8,780,460
Obligations under capital leases, net of current portion	78,637	-	-	78,637
Obligations under gift annuity contracts, net of current portion	1,425,714	-	-	1,425,714
Estimated refundable entrance fees, net of current portion	11,095,411	-	-	11,095,411
Deferred revenue, pooled income funds	-	88,412	-	88,412
Long-term debt, net of current portion and unamortized discount	50,398,436	-	-	50,398,436
Deferred revenue from entrance fees	53,394,095	-	-	53,394,095
Total Liabilities	125,168,536	92,629		125,261,165
Net Assets:				
Unrestricted	24,188,750	2,933,426	(2,933,426)	24,188,750
Temporarily restricted	1,112,811	1,112,811	(1,112,811)	1,112,811
Permanently restricted	2,279,879	2,279,879	(2,279,879)	2,279,879
Total Net Assets	27,581,440	6,326,116	(6,326,116)	27,581,440
Total Liabilities and Net Assets	$ 152,749,976	$ 6,418,745	$ (6,326,116)	$ 152,842,605

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED JULY 31, 2013

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Changes In Unrestricted Net Assets:				
Revenues, Gains, and Other Support:				
Residents fees earned, including amortization of deferred revenues from non-refundable entrance fees of $7,685,172	$ 33,524,268	$ -	$ (3,953)	$ 33,520,315
Contributions	53,150	187,659	(53,150)	187,659
Net assets released from restrictions, used for operations	-	85,713	-	85,713
Change in unrestricted interest in Casa Foundation	(52,112)	-	52,112	-
Total Revenues, Gains, and Other Support	33,525,306	273,372	(4,991)	33,793,687
Operating Expenses:				
Resident services	713,250	-	-	713,250
Health center	5,088,051	-	-	5,088,051
Assisted living	2,388,091	-	-	2,388,091
Home health	971,996	-	-	971,996
Plant and maintenance	3,430,178	-	-	3,430,178
Housekeeping and laundry	1,542,955	-	-	1,542,955
Food and beverage	5,484,176	-	-	5,484,176
Donation expense	-	188,899	(53,150)	135,749
General and administrative	4,519,519	136,585	(30,353)	4,625,751
Depreciation and amortization	5,372,248	-	-	5,372,248
Interest expense	2,958,761	-	-	2,958,761
Total Operating Expenses	32,469,225	325,484	(83,503)	32,711,206
Income (Loss) from Operations	1,056,081	(52,112)	78,512	1,082,481
Other Revenues (Expenses):				
Interest and dividends, net	1,156,421	58,568	-	1,214,989
Net realized gains on sale of investments	56,305	16,513	-	72,818
Change in value of gift annuity contracts	(30,178)	71,949	-	41,771
Change in unrestricted interest in Casa Foundation	130,187	-	(130,187)	-
Other revenues (expenses)	66,390	(16,843)	(26,400)	23,147
Total Other Revenues (Expenses)	1,379,125	130,187	(156,587)	1,352,725
Excess of Revenues over Expenses	$ 2,435,206	$ 78,075	$ (78,075)	$ 2,435,206

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED
YEAR ENDED JULY 31, 2013

	Casa de las Campanas	Casa Foundation	Eliminations	Total
Changes in Unrestricted Net Assets:				
Excess of revenue over expenses	$ 2,435,206	$ 78,075	$ (78,075)	$ 2,435,206
Net unrealized gains on investments	4,843,219	203,303	-	5,046,522
Transfer to permanently restricted net assets		(16,171)		(16,171)
Net assets released from restrictions, used for capital expenditures	64,501	68,614	-	133,115
Change in unrestricted interest in Casa Foundation	255,746	-	(255,746)	-
Increase in Unrestricted Net Assets	7,598,672	333,821	(333,821)	7,598,672
Changes in Temporarily Restricted Net Assets:				
Contributions	-	108,435	-	108,435
Interest and dividends, net	-	32,291	-	32,291
Net realized gains on sale of investments	-	12,238	-	12,238
Net unrealized gains on investment	-	133,029	-	133,029
Net assets released from restrictions, used for operations	-	(85,713)	-	(85,713)
Net assets released from restrictions, used for capital expenditures	-	(68,614)	-	(68,614)
Change in value of charitable remainder trusts and pooled income funds	-	6,133	-	6,133
Change in temporarily restricted interest in Casa Foundation	137,799	-	(137,799)	-
Increase in Temporarily Restricted Net Assets	137,799	137,799	(137,799)	137,799
Changes in Permanently Restricted Net Assets:				
Contributions	-	19,000	-	19,000
Transfer from unrestricted net assets	-	16,171	-	16,171
Change in permanently restricted interest in Casa Foundation	35,171	-	(35,171)	-
Increase in Permanently Restricted Net Assets	35,171	35,171	(35,171)	35,171
Increase in Net Assets	7,771,642	506,791	(506,791)	7,771,642
Net Assets at Beginning of Year	19,809,798	5,819,325	(5,819,325)	19,809,798
Net Assets at End of Year	$ 27,581,440	$ 6,326,116	$ (6,326,116)	$ 27,581,440

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CONTRACTS BRANCH

CASA DE LAS CAMPANAS

CONTINUING CARE RESERVE REPORT

AS OF AND FOR THE YEAR ENDED JULY 31, 2013

WITH INDEPENDENT AUDITORS' REPORT

CASA DE LAS CAMPANAS
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JULY 31, 2013

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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To the Members of the
Audit Committee of
Casa de las Campanas
Rancho Bernardo, California

Report on the Continuing Care Reserve Report

We have audited the accompanying continuing care reserve report (the Report) of Casa de las Campanas (a nonprofit organization), ("Organization") which comprise the Supplemental Schedules as of July 31, 2013, and the related notes to continuing care reserve report for the year then ended.

Management's Responsibility for the Continuing Care Reserve Report

Management is responsible for the preparation and fair presentation of this Report in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Report based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Report, assessing the accounting principles used and significant estimates made by the Organization's management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Opinion

In our opinion, the Report presents fairly, in all material respects, the liquid reserve requirements of Casa de las Campanas as of July 31, 2013, in accordance with report preparation provisions of California Health and Safety Code Section 1792.

Other Matter

The accompanying Report was prepared for the purpose of complying with California Health and Safety Code section 1792 and is not intended to be a complete presentation of the Organization's assets, liabilities, revenues and expenses.

Purpose of the Report

This report is intended solely for the use of the Organization and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

White Nelson Diehl Evans LLP

Irvine, California
November 21, 2013

CASA DE LAS CAMANAS
NOTES TO CONTINUING CARE RESERVE REPORT
YEAR ENDED JULY 31, 2013

Note 1: Mission Statement

Casa de las Campanas (the Organization) is a not-for-profit continuing care retirement community, providing seniors with the highest quality of care and services, honoring their dignity and promoting independence.

Note 2: Description of Business

Casa de las Campanas was incorporated on September 19, 1990 as a California nonprofit corporation for the purposes of constructing, owning and operating a continuing care retirement community. The facilities include 378 independent living units, 33 assisted living units with a capacity of 45 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 99-bed skilled nursing facility. The Organization provides housing, health care and other related services to the elderly.

The Organization operates under the "continuing care" concept whereby residents enter into agreements which require payment of a one-time entrance fee and a monthly service charge. Generally, these payments will entitle residents to the use and privileges of the facility for life. The residence agreement does not entitle the residents to an ownership interest in the property.

Note 3: Continuing Care Reserve Report Schedules

The California Health and Safety Code section 1792 (H&SC) requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report (the Report), which calculates reserve requirements, is prepared in accordance with the January 1, 2007 *Annual Report Instructions* provided by the State of California Department of Social Services. The Report is required to be submitted annually to the California Department of Social Services within four months of year-end.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	527
[2]	Number at end of fiscal year	561
[3]	Total Lines 1 and 2	1088
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	544
	All Residents	
[6]	Number at beginning of fiscal year	563
[7]	Number at end of fiscal year	585
[8]	Total Lines 6 and 7	1148
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	574
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.95

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$32,469,225
[a]	Depreciation	$5,331,263	
[b]	Debt Service (Interest Only)	$2,956,884	
[2]	Subtotal (add Line 1a and 1b)		$8,288,147
[3]	Subtract Line 2 from Line 1 and enter result.		$24,181,078
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		95%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$22,917,259
			x .001
[6]	**Total Amount Due (multiply Line 5 by .001)**		$22,917

PROVIDE Casa de las Campanas, Inc. FYE 7-31-13
COMMUN Casa de las Campanas, Inc. FYE 7-31-13

FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	06/15/12	$18,119	$12,494	$0	$30,613
2	01/28/10	$1,025,000	$2,945,381	$0	$3,970,381
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$2,957,875	$0	$4,000,994

(Transfer this amount to Form 5-3, Line 1)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-13

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	09/13/12	$0	$67	12	$802
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$0	$67	12	$802

(Transfer this amount to Form 5-3, Line 2)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-13

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$4,000,994
2	Total from Form 5-2 bottom of Column (e)	$802
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$24,082
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$4,025,878

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-13

CASA DE LAS CAMPANAS
SUPPORT SCHEDULE FOR FORM 5-3 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT, line 3
7/31/2013

RENTAL/LEASE

VENDOR	AMOUNT	PERIOD	DESCRIPTION	ANNUAL COST
Ecolab	$ 384.16	Monthly	Dishmachine-Norte (08F237904)	$ 4,591.55
Ecolab	$ 70.20	Monthly	Booster - Norte Kitchen	$ 841.60
Ecolab	$ 135.84	Monthly	Dishmachine-Sur (07A216783)	$ 271.68
Ecolab	$ 376.00	Monthly	Dishmachine-Sur (85CK110564)	$ 4,516.00
Ecolab	$ 70.20	Monthly	Booster - Sur Kitchen	$ 841.60
Ecolab	$ 176.50	Monthly	Dishmachine-Sur (23AG120238)	$ 1,576.45
Ecolab	$ 81.83	Monthly	Water Softener - Sur (00810542)	$ 734.43
Coastal Water	$ 90.00	Monthly	Water Softener	$ 1,080.00
Pitney Bowes	$ 320.77	Quarterly	Sheet Feeder #2225/Folder #3261	$ 1,282.33
Pitney Bowes	$ 787.33	Quarterly	Mail Machine Equip #3196196	$ 3,145.66
Iron Mountain	$ 148.00	Annual	Offsite Storage - HR (SZ771)	$ 1,754.33
Iron Mountain	$ 209.93	Annual	Offsite Storage - Acctg (SW343)	$ 2,417.74
Corodata	$ 114.30	Monthly	Offsite Storage - Med Records (015685)	$ 1,028.78
			Total	$ 24,082.15

The above are rental/lease agreements and are not capitalized.

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$32,469,225
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$2,957,875	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$5,331,263	
	d.	Amortization	$40,985	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$3,990,204	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$12,320,327
4		Net Operating Expenses		$20,148,898
5		Divide Line 4 by 365 and enter the result.		$55,202
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$4,140,185

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-13
COMMUNITY: Casa de las Campanas, Inc. FYE 7-31-13

CASA DE LAS CAMPANAS
SUPPORT SCHEDULE FOR FORM 5-4 CALCULATION OF NET OPERATING EXPENSES, line 2e
FYE 7-31-13

	FY 2013
Reimbursement (Revenues) for Services to Non-Residents:	
Guest Rooms	**92,840**
Guest Meals	**14,252**
Employee Meals	**9,935**
La Tienda (Store)	**47,398**
Lease Fees - Non CCRC Rental Contract rental contracts - monthly	**60,540**
Catering	**43,672**
Transportation	**1,320**
HCU - Medicare	**2,297,423**
HCU - Private Pay	**1,182,856**
HCU - HMO	**137,699**
HCU - Other	**24,398**
HCU - Hospice	**48,667**
AL - Dementia	**3,185**
Home Health	**1,379**
Space Rentals	**24,641**
Total Reimbursement (Revenues) for Services to Non-Residents:	**3,990,204**
Reconciliation of Revenues to Audited Financial Statements:	
Total Reimbursement (Revenues) for Services to Non Residents:	3,990,204
Residents with Continuing Care Health Center Revenues	2,149,856
	9,045,702.00
Residential Revenues, excl. guest rooms & meals, La Tienda and Catering	14,446,660.06
Assisted Living Revenues	**1,452,224.04**
Assisted Living - Dementia (SCR) Revenues (exclude pvt pay included above)	**1,163,730.72**
Home Health Revenues	**1,167,498.52**
Clinic	**108,395.37**
Beginning AR	**968,086.00**
Ending AR	**(1,281,077)**
Cash Received from Casa Residents and Third-Party Payors	**33,211,280**

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Casa de las Campanas, Inc. FYE 7-31-13
Fiscal Year Ended: 31-Jul-13

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 31-Jul-13 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

		Amount
[1]	Debt Service Reserve Amount	$4,025,878
[2]	Operating Expense Reserve Amount	$4,140,185
[3]	**Total Liquid Reserve Amount:**	$8,166,062

Qualifying assets sufficient to fulfill the above requirements are held as follows:

	Qualifying Asset Description		Amount (market value at end of quarter) Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents				$0
[5]	Investment Securities				$0
[6]	Equity Securities		$38,722		$4,140,185
[7]	Unused/Available Lines of Credit				
[8]	Unused/Available Letters of Credit				
[9]	Debt Service Reserve		$3,987,156		(not applicable)
[10]	Other: (describe qualifying asset)				
	Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11]	$4,025,878	[12]	$4,140,185
	Reserve Obligation Amount:	[13]	$4,025,878	[14]	$4,140,185
	Surplus/(Deficiency):	[15]	$0	[16]	$0

Signature:

(Authorized Representative)

Date: 26-Nov-13

CFO
(Title)

Casa de las Campanas
Reserve Disclosures, Form 5-5 Support
As of 7/31/2013

[1] Held by Trustee under Bond Indenture $6,176,922 includes:
-Debt Service Reserve of $3,987,156
This reserve is for the annual principal and interest payments for our Casa bonds as required per the bond documents.
-Revenue Fund of $1,222,546
This reserve is for next semi-annual interest payment due in the next fiscal year 2014.
-Principal Fund of $967,220
This reserve is for future principal payment due in next Fiscal Year 2014.

[2] Operating Expense Reserve of $4,140,185
-Reserve requirement per DSS. Funds are held by our investment advisor, Halbert Hargrove and reported on our financials as unrestricted funds.

[3] Refund Reserve Requirement
-Reserve requirement per DSS.
-Funded by Real Estate $3,546,917
-Funded by Investments $11,533,228

[4] Additional Debt Service Reserve
-Reserve requirement per DSS. Represents the additional debt service reserve primarily relating to capital & operating leases of $38,722. Funds are held by our investment advisor, Halbert Hargrove and reported on our financials as unrestricted funds.

[5] The following reserves are set up for Casa Foundation, Inc. and consist of the following:
-Restricted by Donors of $1,941,424 for gifts received by our Foundation.
-Charitable Gift Annuities of $1,738,116 for gift annuity contracts.
-Charitable Remainder Trusts of $83,441 for CRT contracts.
-Pooled Income Funds of $314,115 for gifts received.

Per Capita Costs;

Form 1-2 line 5 – Total Operating Expense for Continuing Care Residents =	**$22,917,259**
Form 1-1 line 5 – Mean # of Continuing Care Residents =	**544**
Per Capita Costs	**$42,127**

PROVIDER:_____Casa de las Campanas, Inc. FYE 7-31-13
COMMUNITY:________Casa de las Campanas, Inc.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	**$2,159 to $4,427**	**$2,159 to $4,427**	**$2,159 to $4,427**
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	**2%**	**2%**	**2%**

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: August 1, 2012
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER:__________Casa de las Campanas, INC._FY 7-31-13
COMMUNITY:________ Casa de las Campanas, INC FY 7-31-13

FORM 7-1 Item 5
SUPPORT FOR ADJUSTMENTS IN MONTHLY FEES

[5] Attach a separate page to describe the data which was utilized in establishing adjustments in monthly care fees and the methodology used to calculate the adjustments, including project costs, prior year per capita costs and economic indicators. Revenues proposed from rate adjustements should generally reconcile back to documents used to develop adjustments, i.e., budget for current period.

The price increase in MF (monthly fees) was based upon the budget model that was reviewed by the Resident Finance, Resident Council, the Board, Board Finance Committees & our management company, LCS. Within this frame-work, the Board reveiws certain CCAC ratio guidelines to compare Casa's operations relating to:

1) Liquidity Ratios,
2) Margin Ratios, and
3) Capital Structure Ratios

In determining the annual price increase, since the NOI is a defined goal that can be quantified, the price increase is the variable factor that is adjusted to force our NOI to meet our CCAC ratio goals.
Part of the budget process also includes our census projections, which also includes a historical recap and actuarial data of where we should be at with the different levels of care. Additionally, the committees review the capital budget, non-operating activity, net entrance fees and move-ins, overall cashflows and statistics.

The other variable factor is expenses. Expenses are reviewed along with staffing patterns, wage increases and benefits. Other economic factors are reviewed to gauge inflation and third party reimbursement rates. Once the expenses are determined, our NOI is quantifiable and the price increase is easily calculated. Throughout this process we have several meetings to review the revenue, expense and capital budget with the Executive Council, Resident Finance and Board committees. The committee reveiws are held over a couple months and much insight and comments are made.

The amount of the final rate adjustment was spread based on unit type.
Please refer to 2012-2013 Fiscal Year Budget Presentation handout attached that of course was available to all Residents at our meeting.

PROVIDER NAME: <u>CASA DE LAS CAMPANAS, INC. FYE 7-31-13</u>

Form 9-1
Refund Reserve

Non-Refundable Income Amortization Based on Life Expectancy FYE 7-31-2013										
CASA DE LAS CAMPANAS										Fiscal Year: 2013
								6%		
	[1]	[2]	[3]		[4]	[5]	[7]	[8]	[9]	[10]
Unit	Name	Sex	Endowment	Move-In	% Refundable	Refund Amount	Age	LEX	Value Multiplier	Present Value of Refund
	Grewey, Jody	F	$435,865.00	01/24/2012	18%	$78,456	62	20.972	0.295	$23,116
217	Anderson, Bonnie	F	$247,580.00	06/07/2013	18%	$44,564	64	19.545	0.320	$14,269
213	Surry, Janet	F	$180,000.00	03/17/2008	18%	$32,400	66	18.165	0.347	$11,243
	Peterson, Carol	F	$231,800.00	05/02/2013	18%	$41,724	69	16.182	0.389	$16,251
	Stevens, Pat	F	$399,740.00	03/23/2012	18%	$71,953	69	16.182	0.389	$28,025
385	Grayson, Joyce (Pinger)	F	$343,136.00	08/29/2012	18%	$61,764	70	15.553	0.404	$24,955
	Adikes, Judith	F	$378,540.00	06/28/2010	18%	$68,137	71	14.965	0.418	$28,489
1330	Brooks, Fred	M	$257,580.00	10/10/2012	18%	$46,364	71	12.676	0.478	$22,152
	Wu, Sancy	F	$188,800.00	01/24/2013	18%	$33,984	72	14.367	0.433	$14,713
	Singer, Theresa	F	$192,000.00	09/18/2006	7%	$34,560	72	14.367	0.433	$14,963
662	Stelman, Carole	F	$207,300.00	07/25/2013	18%	$37,314	72	14.367	0.433	$16,155
461	Perkins, Susan	F	$270,936.00	05/09/2012	18%	$48,768	72	14.367	0.433	$21,114
	Beringhause, Darlene	F	$465,014.00	03/01/2012	18%	$83,703	72	14.367	0.433	$36,238
	Nelson, Roberta	F	$378,540.00	03/08/2013	18%	$68,137	73	13.761	0.449	$30,560
	Wang, Bertha	F	$188,800.00	10/02/2012	18%	$33,984	74	13.189	0.464	$15,759
656	Wallen, Wendy	F	$247,580.00	12/04/2012	18%	$44,564	74	13.189	0.464	$20,665
469	Lawry, Marguerite	F	$264,915.20	09/12/2011	18%	$47,685	74	13.189	0.464	$22,112
1216	Page, Benita	F	$491,960.00	07/08/2013	18%	$88,553	74	14.824	0.422	$37,331
357	Harrison, Pat	F	$264,916.00	01/31/2011	18%	$47,685	75	12.607	0.480	$22,874
	Dudley, Estelle	F	$336,056.00	07/27/2011	18%	$60,490	75	12.607	0.480	$29,017
358	Boggs, Gordon	M	$207,300.00	02/22/2013	18%	$37,314	75	10.243	0.551	$20,543
665	Ruggles, Genevieve	F	$207,300.00	03/22/2013	18%	$37,314	76	12.011	0.497	$18,532
664	Anttila, Maxine	F	$289,416.00	06/21/2011	18%	$52,095	76	12.011	0.497	$25,873
1155	Phelan, Colleen	F	$325,434.00	11/10/2010	18%	$58,578	76	12.011	0.497	$29,093
	Googins, Sonya	F	$362,936.00	11/26/2012	18%	$65,328	76	12.011	0.497	$32,445
	Norris, Rzella	F	$474,000.00	08/04/2008	18%	$85,320	76	12.011	0.497	$42,374
	Prather, Donna	F	$547,000.00	08/08/2008	18%	$98,460	76	12.011	0.497	$48,900
539	Suycott, Sandra	F	$188,800.00	10/01/2012	18%	$33,984	77	11.394	0.515	$17,496
223	Grove, Anne	F	$190,800.00	08/07/2012	18%	$34,344	77	11.394	0.515	$17,681
	Freudenberger, Joan	F	$378,540.00	01/13/2012	18%	$68,137	77	11.394	0.515	$35,079
	Winsor, Priscilla	F	$474,000.00	11/05/2009	18%	$85,320	77	11.394	0.515	$43,925
1343	Palmer, Darlene	F	$330,916.00	04/19/2011	18%	$59,565	78	10.779	0.534	$31,785
	Waters, Ellen	F	$343,136.00	02/13/2012	18%	$61,764	78	10.779	0.534	$32,958
1260	Foster, Shirley	F	$354,040.00	11/28/2011	18%	$63,727	78	10.779	0.534	$34,006
	Gragg, Charlotte	F	$362,936.00	03/26/2012	18%	$65,328	78	10.779	0.534	$34,860
	Winkler, Janet	F	$367,000.00	04/20/2010	18%	$66,060	78	10.779	0.534	$35,251
1448	Sandberg, Anita	F	$401,364.80	08/31/2009	18%	$72,246	78	10.779	0.534	$38,551
1251	Hanson, Richard	M	$268,580.00	12/03/2012	18%	$48,344	78	8.641	0.604	$29,220
543	Allen, Anne	F	$226,670.40	12/27/2011	18%	$40,801	79	10.184	0.552	$22,540
	McKeone, Shirley	F	$251,170.40	12/15/2011	18%	$45,211	79	10.184	0.552	$24,976
	Greer, Joyce	F	$336,055.20	08/19/2011	18%	$60,490	79	10.184	0.552	$33,417
1242	Kahng, Inho	F	$354,040.00	05/14/2013	18%	$63,727	79	10.184	0.552	$35,205
	Loftis, Maxine	F	$355,415.00	07/20/2011	18%	$63,975	79	10.184	0.552	$35,342
	Chadwick, Joan	F	$378,540.00	11/28/2012	18%	$68,137	79	10.184	0.552	$37,642
	Gilberg, Marcia	F	$421,840.00	12/10/2010	18%	$75,931	79	10.184	0.552	$41,947
	Liu, Emma	F	$421,840.00	01/07/2011	18%	$75,931	79	10.184	0.552	$41,947
1125	Sajor, Patricia	F	$467,460.00	05/30/2013	18%	$84,143	79	10.184	0.552	$46,484
	Diamond, Natalie	F	$559,000.00	03/07/2008	18%	$100,620	79	10.184	0.552	$55,587
1345	Goodman, Joe	M	$214,864.00	06/25/2010	18%	$38,676	79	8.159	0.622	$24,042
1039	Powell, John	M	$330,916.00	05/17/2011	18%	$59,565	79	8.159	0.622	$37,027
221	McBrayer, Joanne	F	$205,000.00	05/08/2009	18%	$36,900	80	9.62	0.571	$21,066
1217	Pinto, Rosemary	F	$378,540.00	11/26/2012	18%	$68,137	80	9.62	0.571	$38,899
379	Waldman, Lorraine	F	$289,416.00	05/06/2011	18%	$52,095	80	9.62	0.571	$29,741
353	Attorri, Polly	F	$354,040.00	03/10/2013	18%	$63,727	80	9.62	0.571	$36,382
	Morpeth, Ruth	F	$355,415.20	03/07/2012	18%	$63,975	80	9.62	0.571	$36,523
1241	Rigler, Caryl	F	$355,416.00	05/23/2011	18%	$63,975	80	9.62	0.571	$36,523
	Axelton, Carol	F	$403,540.00	01/04/2010	18%	$72,637	80	9.62	0.571	$41,468
468	Duffy, Shirley	F	$453,630.00	02/01/2013	18%	$81,662	80	9.62	0.571	$46,621
	Kellogg, Margaret	F	$461,000.00	01/08/2008	18%	$82,980	80	9.62	0.571	$47,373
426	Smith, Margarett	F	$173,840.00	06/07/2010	18%	$31,291	81	9.06	0.590	$18,457
462	Sandbrand, Bernice	F	$220,070.00	06/12/2012	18%	$39,613	81	9.06	0.590	$23,365
288	Bleahu, Jeanne	F	$247,580.00	07/15/2013	18%	$44,564	81	9.06	0.590	$26,286

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Non-Refundable Income Amortization Based on Life Expectancy FYE 7-31-2013

CASA DE LAS CAMPANAS

Fiscal Year: 2013

	[1]	[2]	[3]		[4]	[5]	[7]	[8]	[9] 6%	[10]
Unit	Name	Sex	Endowment	Move-In	% Refundable	Refund Amount	Age	LEX	Value Multiplier	Present Value of Refund
	Nesselroad, Ruth	F	$283,000.00	05/17/2006	3%	$50,940	81	9.06	0.590	$30,046
327	Cook, Beverly	F	$301,040.00	04/27/2013	18%	$54,187	81	9.06	0.590	$31,961
	Riley, Virginia	F	$343,136.00	02/29/2012	18%	$61,764	81	9.06	0.590	$36,431
1208	Hoover, Georgia	F	$354,040.00	11/28/2012	18%	$63,727	81	9.06	0.590	$37,588
	Warren, Barbara	F	$378,540.00	07/15/2013	18%	$68,137	81	9.06	0.590	$40,190
	Bowles, Patricia	F	$400,540.00	04/01/2013	18%	$72,097	81	9.06	0.590	$42,525
	O'Der, Janice	F	$581,000.00	01/04/2008	18%	$104,580	81	9.06	0.590	$61,685
219	Kunz, William	M	$243,000.00	07/11/2007	17%	$43,740	81	7.188	0.658	$28,773
317	Champion, Carl	M	$252,580.00	02/22/2010	18%	$45,464	81	7.188	0.658	$29,907
1313	Sherrard, Bill	M	$524,460.00	03/06/2006	1%	$94,403	81	7.188	0.658	$62,099
	Fox, Perla	F	$188,800.00	05/02/2013	18%	$33,984	82	8.501	0.609	$20,709
562	Buck, Doris	F	$191,224.00	01/03/2012	18%	$34,420	82	8.501	0.609	$20,974
375	Schmitt, Pat	F	$195,570.00	09/14/2012	18%	$35,203	82	8.501	0.609	$21,451
434	Dewar, Liz	F	$207,300.00	06/19/2013	18%	$37,314	82	8.501	0.609	$22,738
008A	Leversse, Mary	F	$231,822.00	01/24/2012	18%	$41,728	82	8.501	0.609	$25,427
307	Woods, Beverly	F	$276,000.00	10/08/2007	18%	$49,680	82	8.501	0.609	$30,273
100	Smith, Norma	F	$300,934.00	08/04/2010	18%	$54,168	82	8.501	0.609	$33,008
1248	Pabst, Dorothy	F	$334,000.00	10/12/2009	18%	$60,120	82	8.501	0.609	$36,635
	Strater, Betty Alice	F	$343,136.00	07/03/2012	18%	$61,764	82	8.501	0.609	$37,637
	Brewer, Vera	F	$429,000.00	08/15/2006	4%	$77,220	82	8.501	0.609	$47,055
	Hargarten, Virgina	F	$487,460.00	05/24/2010	18%	$87,743	82	8.501	0.609	$53,467
001A	Kelly, Louise	F	$218,943.00	09/08/2010	18%	$39,410	83	7.952	0.629	$24,795
246	Messinger, Rhona	F	$229,000.00	02/19/2007	12%	$41,220	83	7.952	0.629	$25,934
1244	Tade, Barbara	F	$243,000.00	03/04/2008	18%	$43,740	83	7.952	0.629	$27,520
277	Siniscalchi, Barbara	F	$255,884.00	08/04/2010	18%	$46,059	83	7.952	0.629	$28,979
	Lindquist, Suzanne	F	$267,000.00	11/02/2007	18%	$48,060	83	7.952	0.629	$30,238
	Leatherberry, Sara	F	$295,436.00	10/26/2012	18%	$53,178	83	7.952	0.629	$33,458
	Luce, Joan	F	$325,434.00	12/21/2010	18%	$58,578	83	7.952	0.629	$36,856
	Morton, Genene	F	$329,000.00	08/02/2006	6%	$59,220	83	7.952	0.629	$37,259
	Packer, Marilyn	F	$343,136.00	05/14/2012	18%	$61,764	83	7.952	0.629	$38,860
1340	Estep, Barbara	F	$346,540.00	04/05/2010	18%	$62,377	83	7.952	0.629	$39,246
	Bilhorn, Henrietta	F	$378,540.00	05/15/2012	18%	$68,137	83	7.952	0.629	$42,870
	Tolstoy, Ann	F	$378,540.00	08/24/2011	18%	$68,137	83	7.952	0.629	$42,870
	Nyquist, Linda	F	$465,014.00	02/29/2012	18%	$83,703	83	7.952	0.629	$52,663
313	Henderson, James	M	$180,000.00	07/24/2009	18%	$32,400	83	6.269	0.694	$22,485
328	Stein, Herb	M	$195,570.00	11/15/2012	18%	$35,203	83	6.269	0.694	$24,430
1129	Goldfarb, Arthur	M	$268,580.00	11/01/2012	18%	$48,344	83	6.269	0.694	$33,551
457	Porter, Nile	M	$284,000.00	08/26/2009	18%	$51,120	83	6.269	0.694	$35,477
1224	Gordon, Barry	M	$347,000.00	02/22/2007	12%	$62,460	83	6.269	0.694	$43,347
	Renstrom, Mary Anne	F	$215,724.00	01/26/2011	18%	$38,830	84	7.438	0.648	$25,174
566	Koch, Wiltrud	F	$231,822.00	08/17/2012	18%	$41,728	84	7.438	0.648	$27,052
	Levinson, Joan	F	$256,322.00	08/17/2012	18%	$46,138	84	7.438	0.648	$29,911
1219	Brass, Barbara	F	$257,580.00	05/31/2013	18%	$46,364	84	7.438	0.648	$30,058
1256	Murphy, Marietta "Rita"	F	$311,555.20	11/16/2011	18%	$56,080	84	7.438	0.648	$36,357
	Schwartz, Virginia	F	$328,540.00	03/15/2010	18%	$59,137	84	7.438	0.648	$38,339
555	Young, Flora	F	$334,000.00	09/08/2009	18%	$60,120	84	7.438	0.648	$38,976
481	Kirkpatrick, Joann	F	$337,000.00	12/22/2006	10%	$60,660	84	7.438	0.648	$39,326
	Bridgham, Jean	F	$367,000.00	01/03/2008	18%	$66,060	84	7.438	0.648	$42,827
	Deutsch, Bernice	F	$369,000.00	11/30/2006	9%	$66,420	84	7.438	0.648	$43,060
	Milner, Susan	F	$378,540.00	11/20/2012	18%	$68,137	84	7.438	0.648	$44,173
	Patterson, Patricia	F	$455,224.00	03/24/2011	18%	$81,940	84	7.438	0.648	$53,122
1304	Weinberger, George	M	$231,822.00	05/14/2012	18%	$41,728	84	5.854	0.711	$29,668
1147	Groff, Gaylord	M	$344,134.00	10/28/2010	18%	$61,944	84	5.854	0.711	$44,041
1001	Ginger, Michael	M	$429,000.00	03/07/2006	1%	$77,220	84	5.854	0.711	$54,902
559	Hooper, Eva	F	$191,224.00	10/14/2011	18%	$34,420	85	6.956	0.667	$22,950
580	Gist, Mary Dolores	F	$205,000.00	04/08/2008	18%	$36,900	85	6.956	0.667	$24,604
390	Hodder, Joan	F	$247,000.00	08/09/2006	4%	$44,460	85	6.956	0.667	$29,644
564	King, Agnes	F	$251,000.00	05/15/2006	3%	$45,180	85	6.956	0.667	$30,124
333	Shields, Jo Ann	F	$264,916.00	04/28/2011	18%	$47,685	85	6.956	0.667	$31,795
	McKeever, Avis	F	$295,436.00	04/04/2012	18%	$53,178	85	6.956	0.667	$35,458

Form 9-1
Refund Reserve

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Non-Refundable Income Amortization Based on Life Expectancy FYE 7-31-2013

CASA DE LAS CAMPANAS — Fiscal Year: 2013

	[1]	[2]	[3]		[4]	[5]	[7]	[8]	[9] 6%	[10]
Unit	Name	Sex	Endowment	Move-In	% Refundable	Refund Amount	Age	LEX	Value Multiplier	Present Value of Refund
412	Houghton, Carolyn	F	$301,040.00	11/01/2012	18%	$54,187	85	6.956	0.667	$36,130
653	Rousseau, Jacqueline	F	$318,636.00	02/02/2012	18%	$57,354	85	6.956	0.667	$38,242
	Kuramoto, Setsuko	F	$411,040.00	05/12/2009	18%	$73,987	85	6.956	0.667	$49,332
1318	Maloney, Marilyn	F	$438,000.00	02/15/2007	12%	$78,840	85	6.956	0.667	$52,568
017B	Patrick, Julia	F	$441,000.00	03/28/2008	18%	$79,380	85	6.956	0.667	$52,928
1230	Sundberg, Edythe	F	$206,064.00	02/28/2011	18%	$37,092	86	6.494	0.685	$25,406
229	Knapp, Joy	F	$207,300.00	11/26/2012	18%	$37,314	86	6.494	0.685	$25,559
	Shogren, Caroline	F	$231,800.00	07/12/2013	18%	$41,724	86	6.494	0.685	$28,579
1109	Beach, Gertrud	F	$231,822.00	05/30/2012	18%	$41,728	86	6.494	0.685	$28,582
1320	Kantor, Vivienne	F	$231,822.00	05/16/2012	18%	$41,728	86	6.494	0.685	$28,582
1350	Story, Eugenia	F	$243,000.00	11/21/2007	18%	$43,740	86	6.494	0.685	$29,960
1029	Delhotal, Barbara	F	$268,580.00	07/24/2013	18%	$48,344	86	6.494	0.685	$33,114
	Freiman, Frances	F	$276,000.00	05/29/2008	18%	$49,680	86	6.494	0.685	$34,029
1336	Johnson, Selma	F	$315,000.00	11/05/2007	18%	$56,700	86	6.494	0.685	$38,837
	Lee, May	F	$336,055.00	07/26/2011	18%	$60,490	86	6.494	0.685	$41,433
	Wells, Jeannette	F	$369,000.00	07/19/2007	17%	$66,420	86	6.494	0.685	$45,495
	Sherman, Rena	F	$389,000.00	01/16/2008	18%	$70,020	83	6.494	0.685	$47,961
	Brown, Jeanne	F	$423,739.00	04/07/2011	18%	$76,273	86	6.494	0.685	$52,244
408	Hartnett, Jerry	M	$226,671.00	10/28/2010	18%	$40,801	86	5.124	0.742	$30,269
431	Pestotnik, Dorothy	F	$195,570.00	10/17/2011	18%	$35,203	87	6.054	0.703	$24,738
1344	Kubit, Norma	F	$243,000.00	08/17/2009	18%	$43,740	87	6.054	0.703	$30,738
427	Howell, Trudi	F	$270,936.00	08/29/2012	18%	$48,768	87	6.054	0.703	$34,272
453	Glow, Eugenia	F	$334,000.00	08/13/2008	18%	$60,120	87	6.054	0.703	$42,249
1363	Guell, Lyle	F	$350,000.00	09/07/2006	7%	$63,000	87	6.054	0.703	$44,273
	Josephs, Marion	F	$336,056.20	09/07/2006	7%	$60,490	87	6.054	0.703	$42,509
	Macurda, Betty	F	$421,841.00	05/21/2013	18%	$75,931	87	6.054	0.703	$53,360
	Nespeca, Marion	F	$445,214.00	10/08/2012	18%	$80,139	87	6.054	0.703	$56,317
	Spencer, Eve	F	$445,214.00	04/08/2012	18%	$80,139	87	6.054	0.703	$56,317
	Wentworth, Lillian	F	$509,460.00	11/30/2009	18%	$91,703	87	6.054	0.703	$64,444
373	Nichols, Ruth	F	$173,840.00	07/19/2011	18%	$31,291	88	5.613	0.721	$22,562
215	Ferguson, Joan	F	$205,000.00	11/30/2009	18%	$36,900	88	5.613	0.721	$26,608
116A	Monti, Angela	F	$231,822.00	07/27/2012	18%	$41,728	88	5.613	0.721	$30,087
1329	Walsh, Regina	F	$236,350.40	10/31/2011	18%	$42,543	88	5.613	0.721	$30,675
279	Meehan, Beth	F	$255,884.00	07/21/2010	18%	$46,059	88	5.613	0.721	$33,210
574	Roseman, Sylvia	F	$261,000.00	06/27/2007	18%	$46,980	88	5.613	0.721	$33,874
007A	Jewell, Mary Louise	F	$296,000.00	09/29/2006	6%	$53,280	88	5.613	0.721	$38,417
1017	Stocking, Dorothy	F	$296,000.00	03/15/2006	1%	$53,280	88	5.613	0.721	$38,417
1037	Sanborn, Betty	F	$356,000.00	08/24/2009	18%	$64,080	88	5.613	0.721	$46,204
588	Miller, Marva	F	$435,000.00	01/26/2007	11%	$78,300	88	5.613	0.721	$56,457
445	Novascone, John	M	$247,580.00	04/08/2013	18%	$44,564	88	4.513	0.769	$34,260
1237	Lindh, Robert	M	$372,000.00	09/17/2007	18%	$66,960	83	4.513	0.769	$51,477
322	Thorson, Elizabeth	F	$255,884.00	08/23/2010	18%	$46,059	89	5.2	0.739	$34,019
319	Burnett, Bettye	F	$257,580.00	11/15/2006	9%	$46,364	89	5.2	0.739	$34,245
	Baker, Flo	F	$261,000.00	03/05/2007	13%	$46,980	89	5.2	0.739	$34,699
488	Pearson, Roslyn	F	$261,000.00	06/06/2006	4%	$46,980	89	5.2	0.739	$34,699
	McClain, Wilma	F	$295,436.00	11/26/2012	18%	$53,178	89	5.2	0.739	$39,278
474	Oldsen, Kathleen	F	$317,000.00	04/21/2008	18%	$57,060	89	5.2	0.739	$42,145
1362	Mandel, Lenora	F	$347,000.00	05/02/2007	15%	$62,460	89	5.2	0.739	$46,133
1043	Harmon, Mary	F	$358,000.00	07/29/2008	18%	$64,080	89	5.2	0.739	$47,330
1321	Terschan, Frank	M	$214,864.00	06/23/2010	18%	$38,676	89	4.236	0.781	$30,216
302	Keller, Mary	F	$147,000.00	06/01/2007	16%	$26,460	90	4.838	0.754	$19,960
667	Heath, Pat	F	$194,000.00	04/30/2007	14%	$34,920	90	4.838	0.754	$26,342
459	Nall, Martha	F	$207,300.00	04/19/2013	18%	$37,314	90	4.838	0.754	$28,148
1245	Boyle, Doris	F	$214,864.00	06/10/2010	18%	$38,676	90	4.838	0.754	$29,175
136A	Dudley, Dorothy (Dotty)	F	$297,000.00	03/30/2006	1%	$53,460	90	4.838	0.754	$40,327
	Kirkpatrick, Lieselotte	F	$325,434.00	09/30/2010	18%	$58,578	90	4.838	0.754	$44,188
	Bacon, Nancy	F	$347,000.00	07/30/2007	17%	$62,460	90	4.838	0.754	$47,116
	Herbst, Helen	F	$367,000.00	11/01/2007	18%	$66,060	90	4.838	0.754	$49,832
1141	Homme, Dorothy	F	$389,000.00	03/10/2008	18%	$70,020	90	4.838	0.754	$52,819
	Merriott, Nancy	F	$532,965.00	03/12/2007	13%	$95,934	90	4.838	0.754	$72,367
587	Herscovitz, Morris	M	$194,000.00	03/14/2007	13%	$34,920	90	3.957	0.794	$27,729

Form 9-1
Refund Reserve

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Non-Refundable Income Amortization Based on Life Expectancy FYE 7-31-2013

CASA DE LAS CAMPANAS — Fiscal Year: 2013

6%

Unit	[1] Name	[2] Sex	[3] Endowment	Move-In	[4] % Refundable	[5] Refund Amount	[7] Age	[8] LEX	[9] Value Multiplier	[10] Present Value of Refund
414	Hansen, Albert	M	$238,000.00	01/18/2008	18%	$42,840	90	3.957	0.794	$34,018
652	Gibbs, Mary	F	$207,300.00	05/01/2013	18%	$37,314	91	4.501	0.769	$28,706
326	Winters, Jeanne	F	$267,000.00	08/30/2007	18%	$48,060	91	4.501	0.769	$36,973
1309	Gregoire, Evelyn	F	$226,000.00	03/23/2008	1%	$40,680	91	4.501	0.769	$31,295
473	Hedgecock, Clarice	F	$251,000.00	04/10/2008	2%	$45,180	91	4.501	0.769	$34,757
569	Edney, Bettie	F	$270,936.00	02/14/2012	18%	$48,768	91	4.501	0.769	$37,518
464	Sherwood, Barbara	F	$284,188.00	07/31/2007	17%	$51,154	91	4.501	0.769	$39,353
	Nelson, Hilda	F	$378,540.00	07/30/2012	18%	$68,137	91	4.501	0.769	$52,418
1298	Puz, John	M	$230,564.00	05/12/2010	18%	$41,502	91	3.67	0.807	$33,511
545	Wright, Donald	M	$243,000.00	07/17/2009	18%	$43,740	91	3.67	0.807	$35,319
553	Levine, Leon	M	$336,055.20	10/04/2011	18%	$60,490	91	3.67	0.807	$48,844
416	Blinman, Jean	F	$226,000.00	04/23/2007	14%	$40,680	92	4.175	0.784	$31,895
017A	Parmely, Doreen	F	$267,000.00	11/20/2006	9%	$48,060	92	4.175	0.784	$37,682
	Brown, Betty	F	$295,436.00	05/14/2012	18%	$53,178	92	4.175	0.784	$41,695
311	Henry, Christine	F	$317,000.00	08/30/2007	18%	$57,060	92	4.175	0.784	$44,738
1311	Young, Irma	F	$356,000.00	04/24/2008	18%	$64,080	92	4.175	0.784	$50,242
571	Nagler, William	M	$347,000.00	08/27/2007	18%	$62,460	92	3.388	0.821	$51,270
1021	McFedries, Phyllis	F	$243,000.00	09/11/2009	18%	$43,740	93	3.862	0.798	$34,926
437	MacKay, Lois	F	$364,040.00	04/09/2009	18%	$63,727	93	3.862	0.798	$50,885
1306	Crocker, Norman	M	$215,000.00	05/08/2008	3%	$38,700	94	2.903	0.844	$32,677
388	Barr, Ingeborg	F	$247,580.00	04/16/2013	18%	$44,564	95	3.329	0.824	$36,707
338	Sullivan, Mabel	F	$173,840.00	08/19/2010	18%	$31,291	97	2.914	0.844	$26,405
	Active Agreement Total:		$63,298,055.20							$7,223,727.52

Resident Name	Sex	Birthdate	Refundable	Amount	Age	LEX	Value	Refund
ROC (Return of Capital):								
Anderson, Delores	F	08/02/1913	100	$418,335	84	7.438	0.648	$271,206
Anderson, Polly	F	09/18/1928	100	$356,160	99	2.584	0.860	$306,376
Bright, Kathleen	F	01/16/1919	100	$239,508	94	3.579	0.812	$194,424
Burns, Rosemary	F	03/17/1921	100	$228,480	92	4.175	0.784	$179,141
Capuozzo, Lucy	F	06/22/1930	100	$283,905	83	7.952	0.629	$178,624
Chadwell, Ben	F	07/31/1929	100	$461,810	88	4.513	0.769	$355,024
Chen, Noble	M	08/05/1921	100	$290,357	90	3.957	0.794	$230,567
Dembinsky, Frank	F	09/06/1924	100	$469,988	91	3.670	0.807	$379,502
Forbess, Sonya	F	02/26/1932	100	$290,357	93	3.862	0.798	$231,847
Fore, Alice	F	08/08/1927	100	$239,508	88	5.613	0.721	$172,694
Fry, Syvilla	F	12/17/1921	100	$302,757	81	9.060	0.590	$178,576
Greenstein, Marlene	F	03/13/1925	100	$377,053	78	10.779	0.534	$201,201
Grauf, Lucie	F	12/26/1931	100	$399,092	85	6.956	0.667	$266,100
Hirsh, Janette	F	06/13/1926	100	$308,732	77	11.394	0.515	$158,945
Hirschberg, Diane	M	02/03/1918	100	$470,990	78	8.641	0.604	$284,671
Holmes, Roy & Ruth	F	06/01/1913	100	$417,467	91	4.501	0.769	$321,159
Kennedy, Janet	F	09/19/1921	100	$296,029	88	5.613	0.721	$213,448
King, Patricia	F	05/04/1919	100	$339,347	81	9.060	0.590	$200,158
Kistler, Joyce	F	01/17/1925	100	$322,619	81	9.060	0.590	$190,291
Lo, Lih-Lih	F	06/27/1935	100	$461,810	79	10.184	0.552	$255,122
MacDonald	F	12/01/1925	100	$283,905	87	6.054	0.703	$199,513
McDowell, Allyn	M		100	$286,823	95	2.705	0.854	$244,997
Messier, Dorothy	F		100	$102,700	100	2.433	0.868	$89,125
Miller, Fletcher & Marjorie	F		100	$417,467	88	5.613	0.721	$301,009
Onishi, Ida	F		100	$239,508	91	4.501	0.769	$184,255
Penny, Betty (75%)	F		100	$264,668	85	6.956	0.667	$176,471
Plumhoff, Marie	F		100	$336,397	94	3.579	0.812	$273,075
Spangler, Jeanne	F		100	$407,606	88	5.613	0.721	$293,900
Sullivan, Helen Jane	F		100	$205,786	85	6.956	0.667	$137,211
Wang, Fun-Den & Agnes	F		100	$461,810	78	10.779	0.534	$246,429
Dennies/Welsh, Sharlee & Pau	F		100	$580,050	83	7.952	0.629	$364,950
Woodhill, Kathryn	F		100	$552,353	87	6.054	0.703	$388,163
Zigman, RoseAnn	F		100	$290,357	84	7.438	0.648	$188,236
				$11,403,736				$0
							TOTAL REFUND RESERVE AMOUNT:	$15,080,145

$ 10,556,101.39
$ 4,524,043.45

$ 4,524,043.45

Casa de las Campanas
Form 9-1 Supporting Schedule
Fiscal Year Ending 7/31/2013

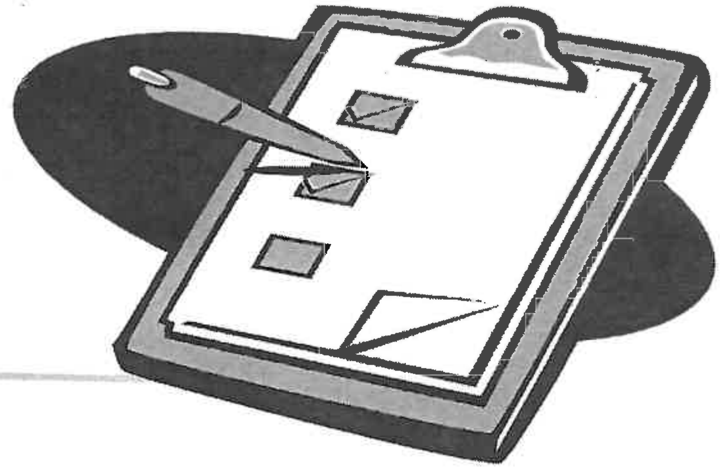
$	64,548,754	Net Equity (Casa de las Campanas net book value property, buildings & equipment)
$	(5,901,342)	Less Non-Real Estate Assets Net Equity (net book value of equipment)
$	(51,553,578)	Less Debt (Bonds & Leases)
$	7,093,834	Net Equity (Real Estate & Buildings, net book value less any depreciation and encumbrances)
	x .50	x .50
$	3,546,917	Net Equity available
$	7,093,834	Refund Reserve Requirement per DSS Form 9-1
	x .70	x .70
$	4,965,684	Amount of the Refund Reserve Requirement that could be offset by Net Equity of Real Estate & Buildings
$	15,080,145	Refund Reserve Requirement
$	(3,546,917)	Less Net Equity available
$	**11,533,228**	Amount of qualifying assets that must be deposited into escrow for compliance with H&SC section 1792.6

Casa de las Campanas

2012/2013 Budget Presentation

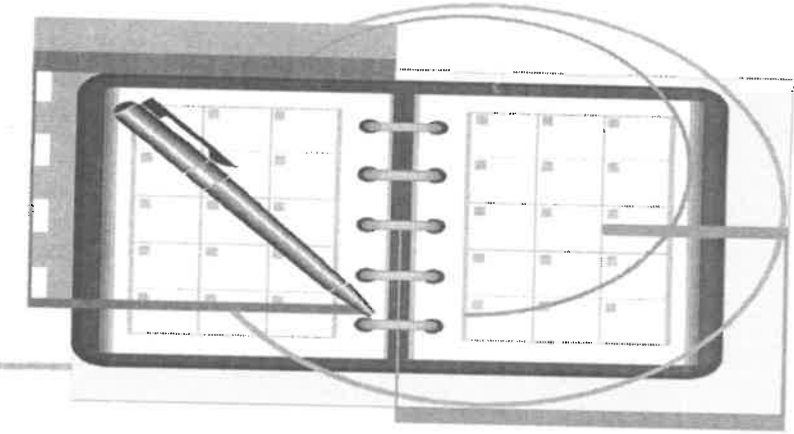
July 2, 2012

Agenda



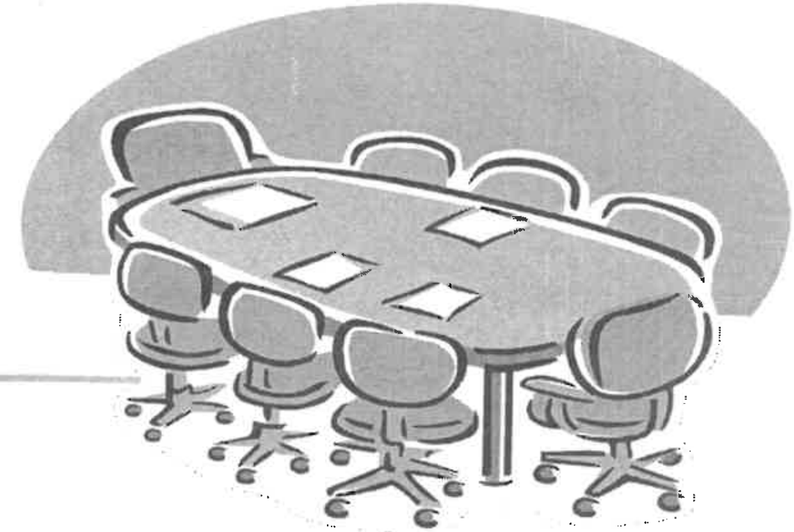
- Overview of Budgeting Process
- Budget Goals
- Issues and Economic Trends Impacting Budget
- Key Assumptions Used to Develop Budget
- Consumer Price Index
- Departmental Revenue & Expenses
- Expenses by Category
- Changes to Resident Fee Structure
- Capital Budget
- Entrance Fees
- Key Expense Savings
- Announcement of Fee Increase
- Questions & Answers

Budget Process



- Revenues
  - Based upon historical and current trends
  - Projected increased IL occupancy with continuing increased attrition and a slight decrease in the higher levels of care (AL/SCR)
  - Market conditions – Slowly improving housing market, State of Economy & Competition
- Expenses
  - Zero-based budgeting, compared to historical trends for accuracy & reasonableness
  - Department Director involvement

Budget Process



- Budget Drafts 1 & 2
  - Reviewed by LCS Corporate Accountants, DOM, and on-site Management/CFO
  - Presented to Resident Finance Committee, Executive Council, Board Finance Committee and Board of Directors at series of meetings

Overall Budget Goals – Mgmt.

- Continue to control expenses – review with Res. Fin Comm & Council for potential areas of savings or revenue enhancements – key areas
- Obtain competitive bids for all vendors
- Evaluate all staff positions and benefits at Casa
- Positive "bottom line" (operating expenses covered by operating revenues) & "cashflow"
- Assurance of meeting financial ratios for bond/financing covenants
- To slowly add back some resident services & increase some FTE's as a result of the cost decreases with the previous recesssion. Assure long-term Financial Strength of Casa & ability to provide contractual level of service to our Residents, including future services required by our current Residents

Overall Budget Goals – Board

- Review key financial ratios
  - Indicators of financial strength
- Ensure financial ratios meet established standards in bond covenants by increasing financial strength
- Compare Casa to benchmarks: other CCAC/CARF-accredited communities & Fitch rated communities
- Our established goal has been to achieve at least 50th percentile over time and to continue to move in a positive direction
- Reviewed our cash & investment balances and required reserves with "what if" scenarios related to occupancy levels

Issues Impacting Budget

- Increase in IL occupancy averaging 87%. This has significantly impacted our revenues & cashflows, as we are projecting 49 move-ins in 2012 versus a budgeted 38. 40 move-ins are budgeted for 2013.
- Slight decrease in AL census to 40.50, a significant decrease of 11 residents in 2012 whereas there was a 17 bed increase during 2009 & 2010.
- Slight decrease in the Palmer Residence with a census level of 24 (budget 2012) vs 25.5 (budget 2013).
- Our Budgeted Operating Revenues exceed our Operating Expenses by $604,000 or 2.5% of Total Operating Revenues.
- Significant Capital Budget of $5,650,000 which includes the renovation of the Dinner Theatre, exterior painting & Master Plan Project continuance.
- Marketing budget with a staff of four with continued incentives to attract future Residents.
- Merit raises for our employees at 2.5% average based upon competitive wage study and 10% increase in Health premiums.

Economic Trends

- Increased Independent Apartment occupancy with increased use of billable services (25 open apartments).
- Favorable business insurance premiums with the LCS Advantage insurance program & Workers Comp program.
- Very favorable electricity costs with Shell Oil and the higher inventory levels of natural gas
- Increased Attrition & Ongoing "Aging in Place" has resulted in an increased IRS Medical Deduction.
- Previous years budgeted cost saving strategies of $2M in 2011 actual & 2012 budget will be partially offset with returning Norte lunch on Saturdays and additional staff hours required with the increasing IL census.

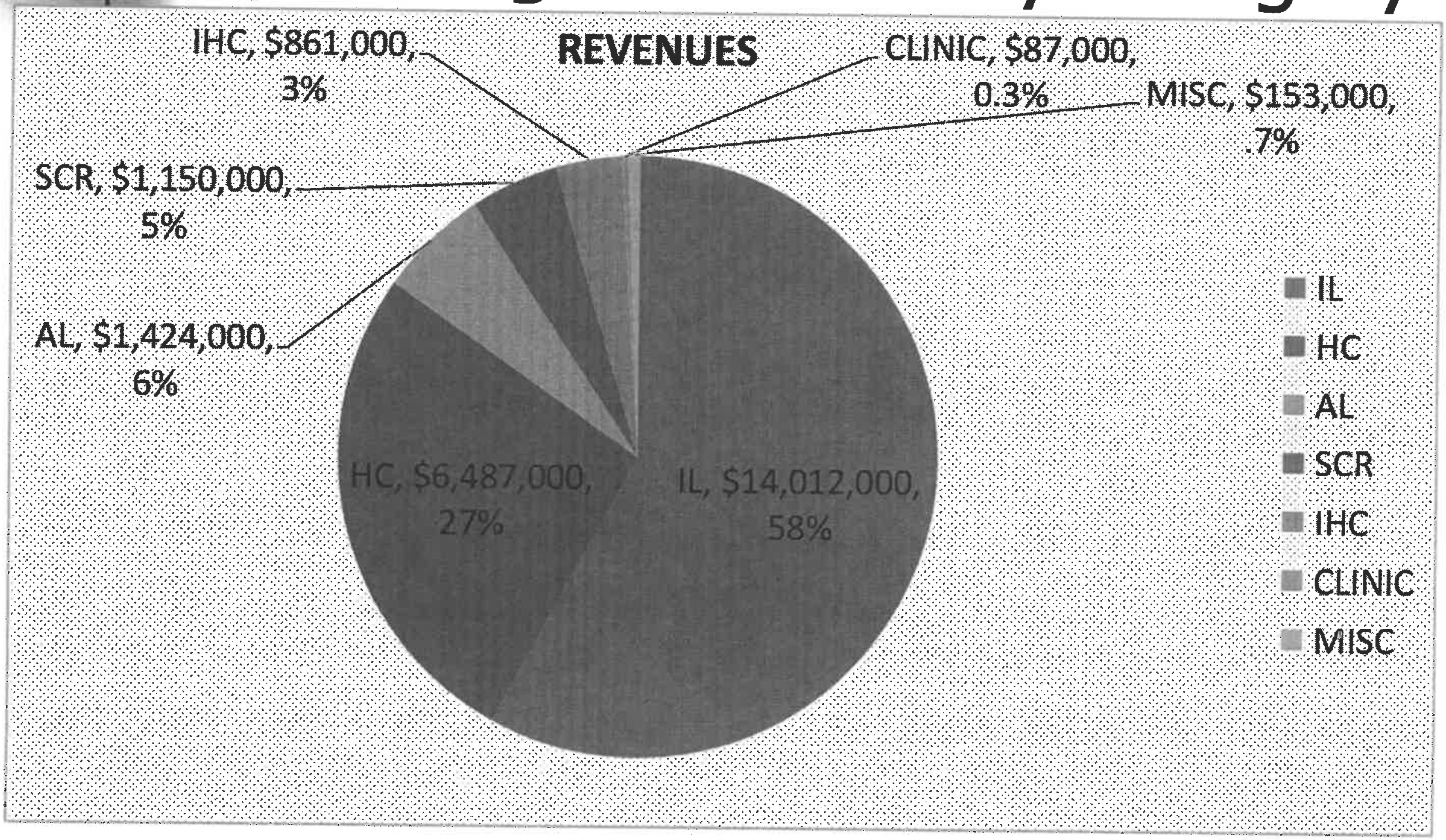
Key Revenue Assumptions

ILU	328.8/378 units occupied	86.98% vs. 81.28% in fiscal year '11-'12
AL	40.5/45 units occupied	90.0%
SCR	25.5/27 units occupied	94.4%
HC	75/87 units occupied *Assumes 8 conversions & 2 rooms (4 beds) converting to increase therapy space	86.2%
IHC	Hours/month remain constant at 3,766.6	

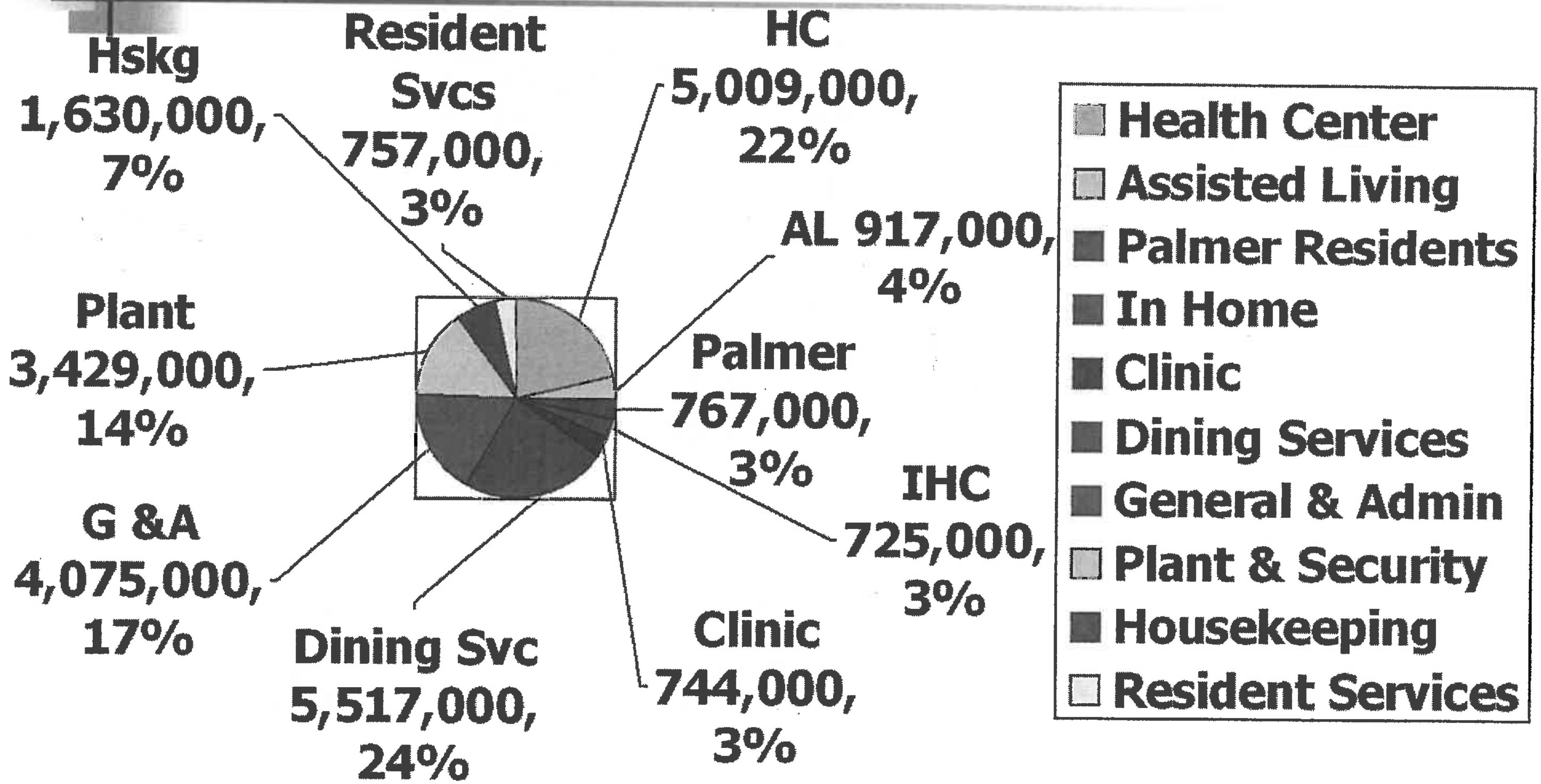
Consumer Price Index

- Trailing 12 months - May 2012, CPI increased 1.7%, primarily due to a lower energy index and a 3.9% increase in medical care CPI index.

Operating Revenues by Category



Operating Expenses by Department



Expenses by Category – Top 10

Wages & Benefits	$13,800,000	58.6%
Food	$2,049,000	8.7%
Utilities	$1,503,000	6.4%
Medical Ancillary Expenses	$1,269,000	5.4%
LCS Management Fee, Salaries & Benefits	$1,071,000	4.5%
Insurance	$665,000	2.8%
Maintenance & Repairs	$551,000	2.3%
Marketing	$419,000	1.8%
Legal & Professional Fees	$198,000	0.8%
All above items = 91.4% of costs		
All Other	$2,045,000	8.7%

Changes to Resident Fee Structure

- "Fee for Service" – services not covered under contract. Residents who use the service pay for the service.
- HC Small Private Room(3): $45/day ($1.00/day increase) & Private Room conversions at $65/day ($3/day increase).
- SCR Private Room: $35.00/day ($3.50/day increase)
- SCR Room Conversions: $65/day ($3/day increase). Currently not allowing due to high census.
- In Home Care: 0-4 hrs @$22.50/hr; 4-16 hrs @ $20.00/hr; 16-24 hrs @ $17.50/hour. ($0.50/hour increase).
- Additional Meal Charge increase from $11.50 to $12 per meal or $24/day in HC & SCR.
- Additional Meal charge per point is increasing from $6 to $7 for IL & AL, which has not been raised since 2006.
- Medication Management – 10% increase + 1-time set-up fee of $25.00 based on competitive analysis. Fee structure based upon medication passes.

Capital Expenditures

- Does not impact Monthly Fee increase; sources for capital expenditures come from Entrance Fees, which also fund our debt service payments and bond funds.
- Capital expenditures budgeted at $5,650,000.
- Based on the four R's – Repair, Renovate, Reposition & Replace!

Capital Expenditures

- Total = $5.65 Million
- Capital Items – above $2,500 with 3 year lifespan.
- Major items include:
  - Dinner Theater - $720,000
  - Exterior Painting - $361,000
  - Lakeside Carpet Replacement - $360,000
  - P-33 (Paint/Carpet) Refurb - $219,000
  - Lakeside & Parkside Landscaping Refurbishment-$132,000
  - HC EMR (Electronic Medical Records) - $86,000
  - KCC for Apartments Sold & In-house and Capitalized Labor - $1,074,000
  - Master Plan Continuance $500,000

Entrance Fees

- Remain flat, except for 1-bedroom units in Sur (B & C) with a $10,000 discount. Past years have had discounted fees by set percentage across the board.
- Average Entrance Fee at $316,000 with second persons at $24,500.

Key Expense Changes

- Increase of +10.61 FTE's from 2011-2012 budget, primarily due to the resident service needs in Plant-Maintenance/Refurbishment, Transportation, Dining Services, In Home Care and Clinic. Additional maintenance staff hours for painting and various upkeep, and increased utilization of In Home Care, Clinic and Transportation.

Community	Increase	Effective Date
Morningside of Fullerton	2.9%	1/1/12
Carlsbad by the Sea	3.9%	4/1/12
White Sands – La Jolla	2.4% average 1.9% IL & 2.9%AL	1/1/12
La Jolla Village Towers	2.75%	1/1/12
Air Force Vill. West	2.5%	1/1/12
Saint Paul's	2.73%	9/1/12
Redwood Terrace	2.9%	1/1/12
La Costa Glen	2.9%	1/1/12

Monthly Fee Increase

- Effective 8/1/12, Casa will implement a Monthly Fee increase of <u>2.0%</u> (currently between the CPI inflation index of 1.7%, food index of 2.8% and medical index of 3.9%).
- 2nd person fee increasing from $1,413 to $1,441 (2.0%)

Monthly Fee by Unit Type

Unit	Current MFee – single	New MFee - single	% incr.	Current MFee - couple	New MFee - couple	% incr.
A	$2,259	$2,304	2%	$3,672	$3,745	2%
B	$2,422	$2,470	2%	$3,835	$3,911	2%
C	$2,670	$2,723	2%	$4,083	$4,164	2%
D	$2,906	$2,964	2%	$4,319	$4,405	2%
E	$3,184	$3,248	2%	$4,597	$4,689	2%
F	$3,684	$3,758	2%	$5,097	$5,199	2%
G	$2,117	$2,159	2%	$3,530	$3,600	2%

Monthly Fee by Unit Type

Unit	Current MFee - single	New MFee - single	% incr.	Current MFee - couple	New MFee - couple	% incr.
H	$2,629	$2,682	2%	$4,042	$4,123	2%
I	$3,174	$3,237	2%	$4,587	$4,678	2%
J	$3,782	$3,858	2%	$5,195	$5,299	2%
J-1	$3,955	$4,034	2%	$5,368	$5,475	2%
K	$4,233	$4,318	2%	$5,646	$5,759	2%
K-1	$4,340	$4,427	2%	$5,753	$5,868	2%
L	$3,433	$3,502	2%	$4,846	$4,943	2%

Casa Fee Increase History

- 1991 = 5%
- 1992 = 4%
- 1993 = 3%
- 1994 = 4%
- 1995 = 4.5%
- 1996 = 3%
- 1997 = 2.5%
- 1998 = 3.5%
- 1999 = 2.25%
- 2000 = 2.5% (+1%)
- 2001 = 5%
- 2002 = 6.5%
- 2003 = 4.95%
- 2004 = 4.8%
- 2005 = 4%
- 2006 = 3%
- 2007 = 4.65%
- 2008 = 4%
- 2009 = 5.5%
- 2010 = 2.0%
- 2011 = 2.75%
- 2012 = 2.0%
- 5-year Avg = 3.25%
- 10-year Avg = 3.77%
- 22-year Avg = 3.84%

Questions & Answers

- Thank you to Resident Finance Committee with special thanks to Frank Bugiel, Bob Lindh, Rz Norris and Paul Dennies, members of Finance Committee and the Executive Council, and the Board of Directors, namely the Board Finance Committee for their input and openness during this process.

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 11/29/13

FACILITY NAME: CASA DE LAS CAMPANAS, INC
ADDRESS: 18655 WEST BERNARDO DRIVE ZIP CODE: 92127 PHONE: 858-451-9152
PROVIDER NAME: CASA DE LAS CAMPANAS FACILITY OPERATOR: LIFE CARE SERVICES, LLC
RELATED FACILITIES: NONE RELIGIOUS AFFILIATION: NONE
YEAR OPENED: 1988 NO. OF ACRES: 22 MULTI-STORY: ___ SINGLE STORY: ___ BOTH: X
MILES TO SHOPPING CTR: ONE (1) MILES TO HOSPITAL: FOUR (4)

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	15	ASSISTED LIVING	55 BEDS
APARTMENTS – 1 BDRM	152	SKILLED NURSING	99 BEDS
APARTMENTS – 2 BDRM	210	SPECIAL CARE	27 BEDS
COTTAGES/HOUSES	-0-	DESCRIBE SPECIAL CARE:	DEMENTIA
% OCCUPANCY AT YEAR END	88%		

TYPE OF OWNERSHIP: ☒ NOT FOR PROFIT ☐ FOR PROFIT ACCREDITED: ☐ Y ☒ N BY: ______

FORM OF CONTRACT: ☐ LIFE CARE ☒ CONTINUING CARE ☐ FEE FOR SERVICE
☐ ASSIGN ASSETS ☐ EQUITY ☒ ENTRY FEE ☐ RENTAL

REFUND PROVISIONS (Check all that apply): ☐90% ☒75% ☐ 50% ☐PRORATED TO 0% ☒OTHER: _Non-Refundable Contract (Traditional Contract with zero refund after 90 days)

RANGE OF ENTRANCE FEES: $170,872 TO $1,031,080 **LONG-TERM CARE INSURANCE REQUIRED?** ☐Y ☒N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: YES

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: ASSET EQUIVALENT

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☐	☒
BILLIARD ROOM	☒	☐
BOWLING GREEN	☐	☐
CARD ROOMS	☒	☐
CHAPEL	☐	☐
COFFEE SHOP	☒	☐
CRAFT ROOMS	☒	☐
EXERCISE ROOM	☒	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☒	☐
PUTTING GREEN	☐	☐
SHUFFLEBOARD	☐	☐
SPA	☒	☐
SWIMMING POOL-INDOOR	☐	☐
SWIMMING POOL-OUTDOOR	☒	☐
TENNIS COURT	☐	☐
WORKSHOP	☒	☐
OTHER Dinner theater, wine	☒	☐

SERVICES AVAILABLE

	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	2	Yes
NUMBER OF MEALS/DAY	2	1
SPECIAL DIETS AVAILABLE	Yes	
24-HOUR EMERGENCY RESPONSE	☒	☐
ACTIVITIES PROGRAM	☒	☐
ALL UTILITIES EXCEPT PHONE	☒	☐
APARTMENT MAINTENANCE	☒	☐
CABLE TV	☐	☒
LINENS FURNISHED	☒	☐
LINENS LAUNDERED	☒	☐
MEDICATION MANAGEMENT	☐	☒
NURSING/WELLNESS CLINIC	☒	☐
PERSONAL NURSING/HOME CARE	☐	☒
TRANSPORTATION-PERSONAL	☒	☐
TRANSPORTATION-PREARRANGED	☒	☐
ON-SITE RENTAL CAR	☐	☒
	☐	☐

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: CASA DE LAS CAMPANAS, INC

CCRCs	LOCATION (City, State)	PHONE (with area code)
This page is non-applicable		

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

PROVIDER NAME: CASA DE LAS CAMPANAS, INC

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$23,658,241	$23,828,142	$24,528,516	$25,848,133
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$22,317,301	$22,405,578	$23,363,123	$24,380,197
NET INCOME FROM OPERATIONS	$1,340,940	$1,422,564	$1,165,393	$1,467,936
LESS INTEREST EXPENSE	$2,190,882	$2,836,954	$2,985,215	$2,958,761
PLUS CONTRIBUTIONS	$173,622	$802,719	$306,498	$187,659
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,136,046	$3,580,687	-$1,352,600	$5,228,384
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$459,726	$2,969,016	-$2,865,924	$3,925,218
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$7,579,158	$10,875,437	$16,704,367	$19,134,231

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
ABAG FINANCE AUTHORITY	$51,710,000	Fixed rates ranging from 3%-6%	JANUARY 2010	SEPT 2037	27 YEARS, 9 MONTHS

FINANCIAL RATIOS (see next page for ratio formulas)

	2012 CCAC Medians 50th Percentile *(optional)*	2011	2012	2013
DEBT TO ASSET RATIO	42.2%	41%	38%	33%
OPERATING RATIO	98.5%	105%	97%	103%
DEBT SERVICE COVERAGE RATIO	1.91	3.7	4.5	5.2
DAYS CASH-ON-HAND RATIO	290	602	668	831

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2010	%	2011	%	2012	%	2013	%
STUDIO	$2,020	5.6	$2,060	2	$2,117	2.75	$2,159	2
ONE BEDROOM	$2,560	5.5	$2,611	2	$2,683	2.75	$2,736	2
TWO BEDROOM	$3,356	5.5	$3,423	2	$3,517	2.75	$3,588	2
COTTAGE/HOUSE								
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: AMENDMENT TO RESIDENT AGREEMENT FOR SIX PRE-EXISTING CONDITIONS. INFORMATION INCLUDED IN THIS DISCLOSURE STATEMENT IS NOT BINDING ON CASA DE LAS CAMPANAS, NOR DOES IT GUARANTEE PROVISIONS OF AMENITIES LISTED OR REFERENCED HEREIN. ALL AMENITIES AND PAYMENT THEREFORE ARE SUBJECT TO CHANGE PER THE CASA POLICY AND OR BOARD OF DIRECTORS.

PROVIDER NAME: ____CASA DE LAS CAMPANAS, INC______________________________

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\text{Total Operating Expenses} - \text{Depreciation Expense} - \text{Amortization Expense}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\text{Total Excess of Revenues over Expenses} + \text{Interest, Depreciation, and Amortization Expenses} - \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash And Investments} + \text{Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.